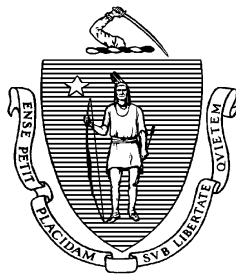


# THE MASSACHUSETTS MARKET FOR HOME INSURANCE 2007

*A report to the Joint Committee on Financial Services,  
the Senate Committee on Ways and Means, and  
House Committee on Ways and Means  
of the Massachusetts General Court,  
the Attorney General,  
and the Secretary of the Commonwealth*

October 1, 2008



NONNIE S. BURNES  
COMMISSIONER OF INSURANCE

## Acknowledgements

This report was prepared by the State Rating Bureau staff of the Massachusetts Division of Insurance (“Division”). Kevin P. Beagan, State Rating Bureau Director, Gerald B. Condon, State Rating Bureau Researcher, and Caleb E. Huntington, State Rating Bureau Mathematician, prepared the report and provided the analysis. The report is based primarily on responses from companies and statistical reporting organizations reflecting the experience of companies in the home insurance market. Unless otherwise noted in the report, references to home insurance, includes traditional homeowners insurance, as well as condominium and rental insurance.

**The Division makes all appropriate efforts to check the completeness and consistency of data reported by insurance companies and their statistical agents, but does rely on the insurance companies for the accuracy of all reported information.**

## **Annual Reports**

The DOI produces a home insurance report pursuant to M.G.L. c. 175, §§ 4A & 4B and has done so since 1996. Insurers and their statistical agents were required to provide aggregate 2005, 2006 and 2007 data for all Massachusetts zip codes and Insurance Services Office, Inc. (ISO) territories.

For the 2007 Report, many of the statistical tables that were incorporated in previous annual reports have been included in a separate Statistical Supplement to this report.

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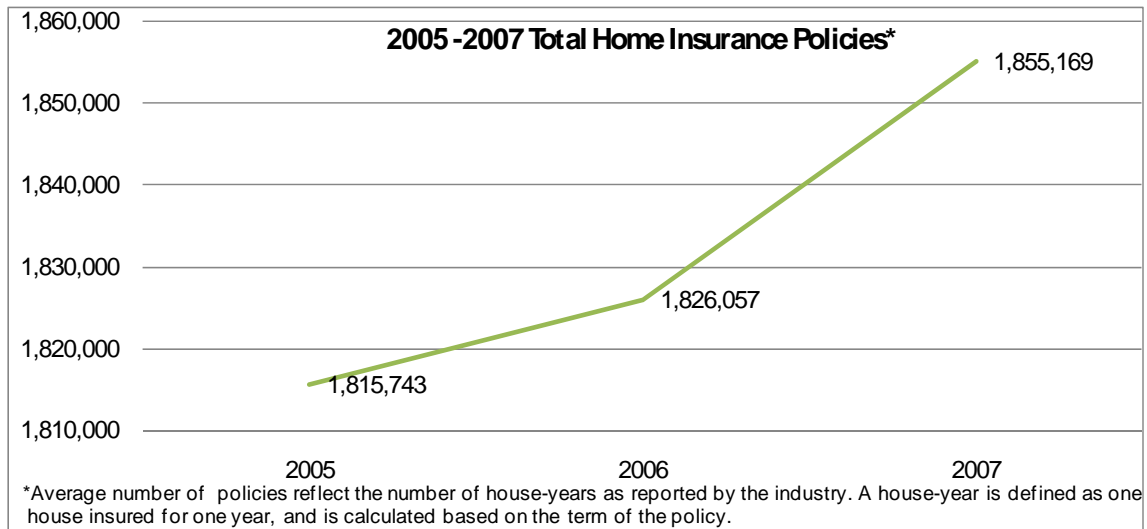
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## **Executive Summary**

Massachusetts residents are facing uncertain times on many fronts with fluctuations in financial markets and the costs of essential goods and services. Despite the uncertainty in these other areas, residents count on the availability of home insurance that will protect them from loss in the event of a natural or other covered disaster.

Among the material presented in this report:

- Home insurance policies increased by 29,112 or 1.6% between 2006 and 2007.



- The FAIR Plan<sup>1</sup> grew by over 15,365 policies in 2007, writing 14.5% of all policies. In Barnstable, Dukes and Nantucket Counties, the FAIR Plan accounted for 45.4% of all insured coverage. FAIR Plan rates remained the same in 2007 as in 2006 as the Commissioner of Insurance denied the FAIR Plan's most recent rate increase.
- There were not any significant catastrophes in Massachusetts in 2007 and insurance company loss ratios – losses in relation to earned premiums – remained close to 38.0% for a second year. When company expenses are added to losses, the resulting combined ratio – losses and expenses in relation to earned premiums – remained close to 80.0% for a second straight year.
- Although four companies nonrenewed significant blocks of their coastal business, there were signs of greater availability of coverage. Narragansett Bay Insurance Company entered the market to offer coverage in coastal areas. Also, due to changes in the private passenger automobile market, national companies expressed interest to reenter Massachusetts and existing companies indicated their desire to increase marketing of homeowners to those who purchase their automobile policies..

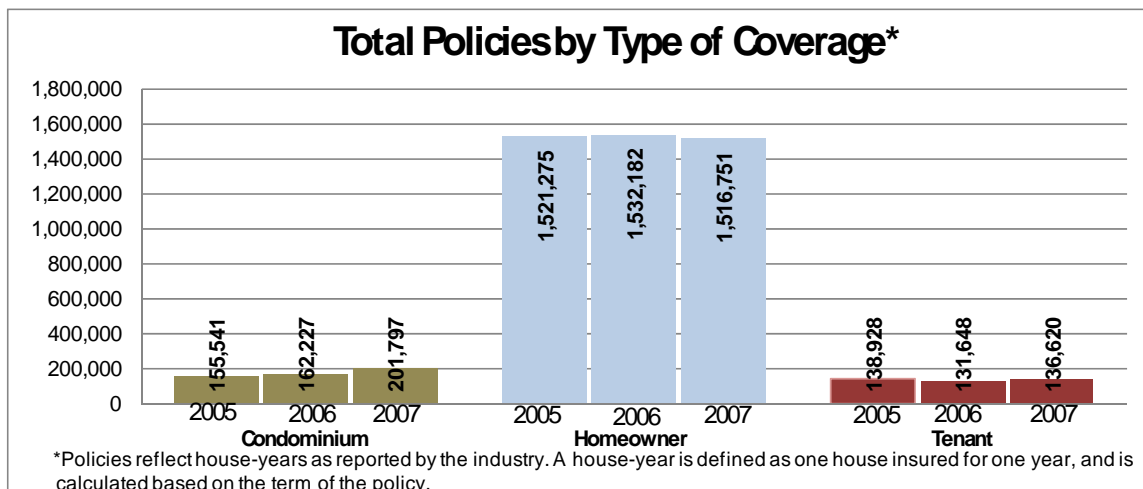
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<sup>1</sup> Also known as the Massachusetts Property Insurance and Underwriting Association ("MPIUA").

## Composition of the Massachusetts Market

Home insurance covers non-commercial property for losses such as damage to a policyholder's structural and/or personal property and injuries occurring on a covered property. Insurance companies collected \$1.7 billion in written premium for home insurance policies in Massachusetts in 2007, making it the largest line of property and casualty coverage other than private passenger automobile insurance.

Although it may be fiscally prudent to protect one's assets from loss or damage and certain mortgages may require the purchase of coverage, there are not any laws that require property owners to purchase any home insurance. Based on "written house years" - a measure equivalent to average number of homes insured - the total number of people covered under the three major types of home insurance: condominium, traditional homeowners and rental insurance changed as illustrated in Figure 1.



**Figure 1**

### Companies Offering Coverage

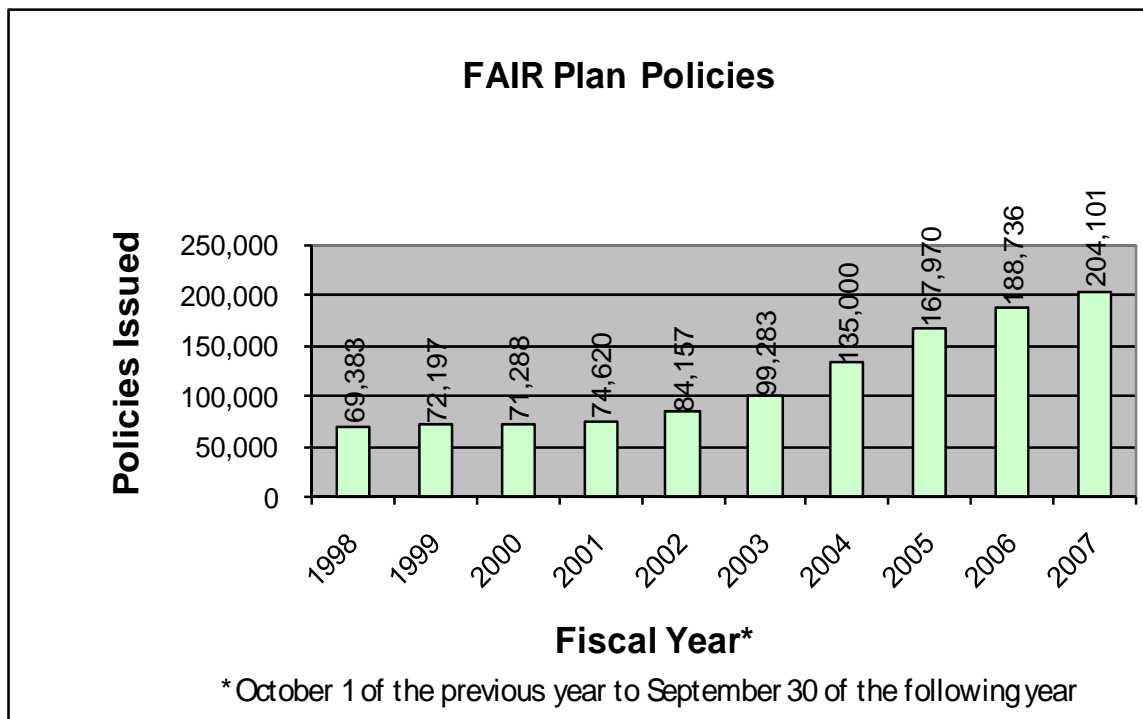
Just as an individual may choose whether or not to secure insurance for his/her home, an insurance carrier has the legal right to decide whether to offer, cancel, terminate or renew insurance coverage, provided that the insurer operates according to the statutory nondiscrimination and disclosure requirements.<sup>2</sup> There are 86 licensed insurance companies offering home insurance in the Commonwealth. The Division of Insurance

<sup>2</sup> M.G.L. c. 175, §§4C and 99.

maintains a list of these companies<sup>3</sup> and the areas in which they have indicated that they are offering coverage in Massachusetts.<sup>4</sup> (See [www.mass.gov/doi](http://www.mass.gov/doi)).

In the event that none of the 86 companies is willing to issue coverage to a specific home, the owner may apply to the Massachusetts Property Insurance and Underwriting Association (“MPIUA”, also known as the “FAIR Plan”), which is required to offer coverage to homes with a replacement cost of up to \$1.0 million. If a home’s value is beyond what the FAIR Plan will cover and insurance companies will not write a policy, an owner can seek coverage in the surplus lines<sup>5</sup> market. Although this report does include information on the FAIR Plan, it does not include any information regarding coverage written in the surplus lines market.

The FAIR Plan grew by 15,365 policies between 2006 and 2007.



**Figure 2**

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<sup>3</sup> The website link for the list of companies offering homeowners insurance in Massachusetts as of 6/30/08 is [http://www.mass.gov/?pageID=ocaterminal&L=4&L0=Home&L1=Consumer&L2=Insurance&L3=Homeowners+Insurance&sid=Eoca&b=terminalcontent&f=doi\\_Consumer\\_css\\_homeowner\\_ins\\_list&csid=Eoca](http://www.mass.gov/?pageID=ocaterminal&L=4&L0=Home&L1=Consumer&L2=Insurance&L3=Homeowners+Insurance&sid=Eoca&b=terminalcontent&f=doi_Consumer_css_homeowner_ins_list&csid=Eoca)

<sup>4</sup> Same website link as noted above.

<sup>5</sup> Surplus lines companies are insurers who are not “licensed” or “admitted” in Massachusetts although they are “licensed” in another state (or country). In certain circumstances, these companies issue coverage through specially licensed surplus lines brokers that is not available from companies admitted to sell more traditional insurance.

### Share of the Market

As noted in Figure 3, the FAIR Plan's 14.5% share of the market is almost twice that of the largest commercial carrier.

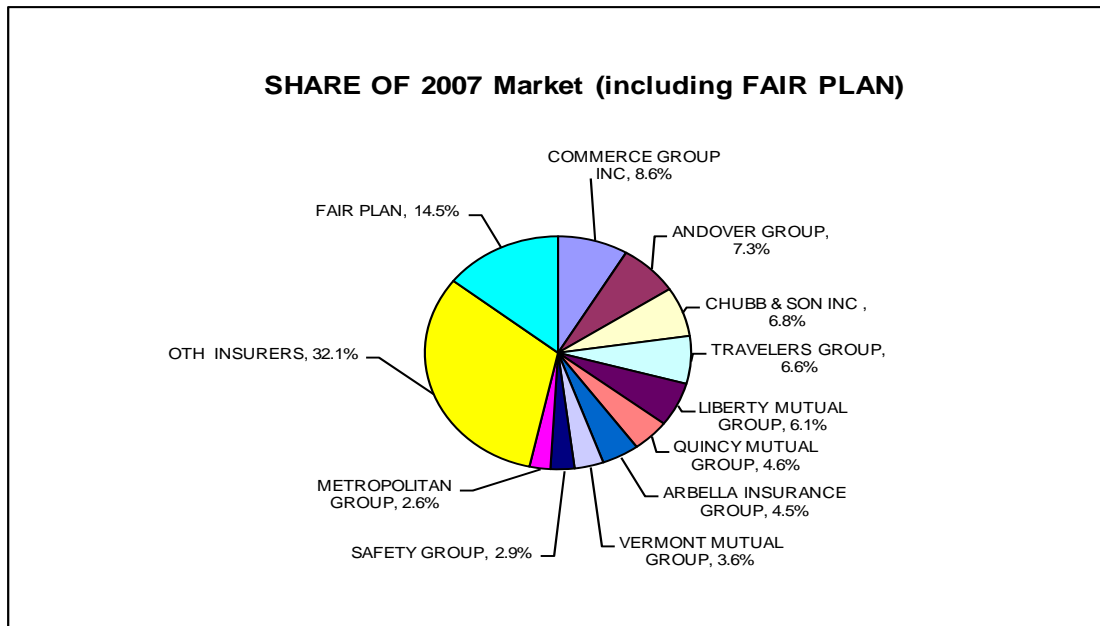


Figure 3

The FAIR Plan's share of the market has grown steadily since 2005 as insurance companies reduced business, especially in coastal areas. As noted in Figure 4, the FAIR Plan accounted for 11.2% of written premium in 2005; this had grown to 14.5% by 2007.

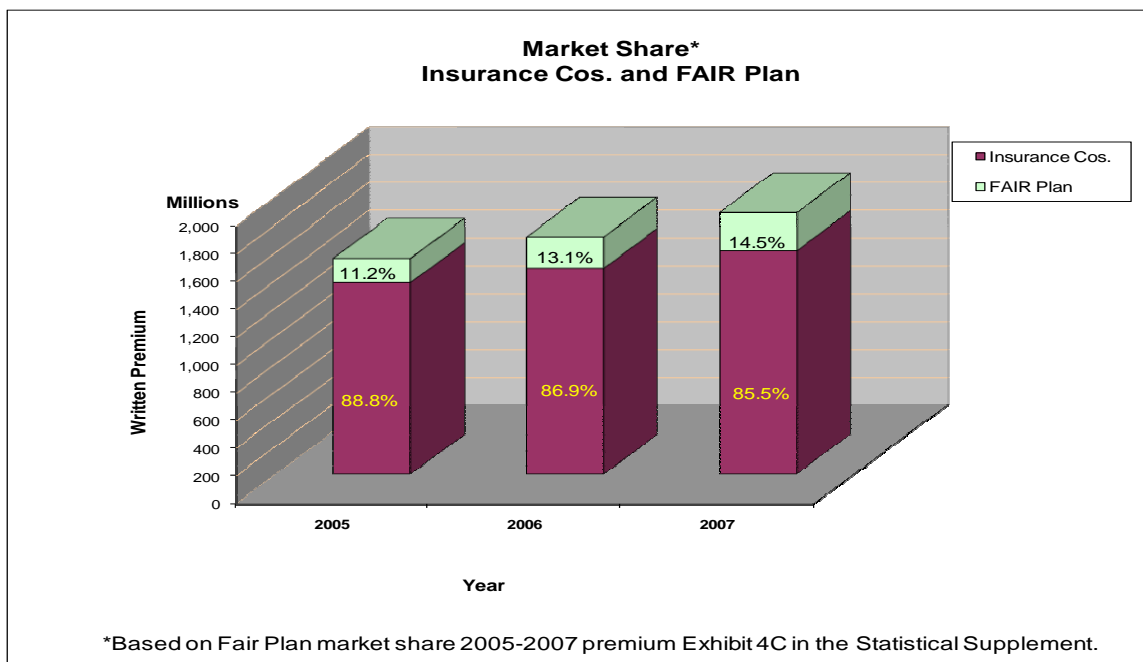
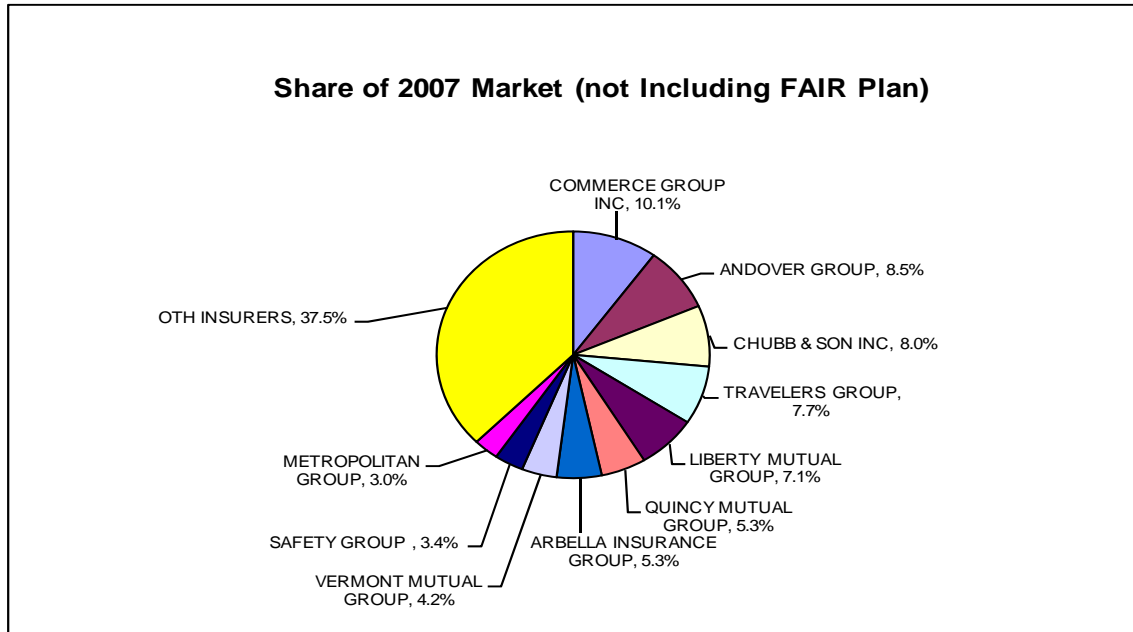


Figure 4



## Relative Shares of the Private Insurance Market

When excluding the FAIR Plan, Figure 5 illustrates that the top 10 insurance companies account for 62.5% of coverage written by the private insurance companies in the market.



**Figure 5**

The Commerce Group Inc. had the largest share of the voluntary – non-FAIR Plan - market with 10.1% of the insurance policies written. Each of the next nine largest insurance groups had between 3.0% and 8.5% of the market. If the analysis is extended to the 25 insurance companies with the largest Massachusetts home insurance market share,<sup>6</sup> they are responsible for 92.4% of the insurance market. The remaining 61 companies each account for less than 1.0 percent of the non-MPIUA market.

<sup>6</sup> The top 25 Massachusetts home insurers based upon overall direct written premiums for calendar year 2007 are:

Allianz Insurance Group	Metropolitan Group
American International Insurance Group	New London County
Amica Mutual Group	Norfolk & Dedham Group
Andover Group	Plymouth Rock Insurance Group
Arbella Insurance Group	Preferred Mutual Insurance Group
Barnstable Group	Providence Group
Chubb & Son Group Inc.	Quincy Mutual Group
Commerce Group Inc.	Safety Group
(The) Hanover Insurance Group	Travelers Group
Harleysville Group	United Services Automobile Association Group
Hingham Mutual Group	Vermont Mutual Group
Liberty Mutual Group	White Mountain Group
Main Street American Group	

Unlike coverage available in other states, the vast majority of insurance companies that offer coverage in Massachusetts are local or regional companies. Among the top 10 home insurance companies in the market, only three – the Travelers Group, the Liberty Mutual Group and Chubb & Son Group, Inc. – offer home insurance nationally. The remaining companies are regional companies offering coverage primarily in the Northeast.

### Changes in Coverage

As noted in Figure 6, measuring levels of home insurance coverage in “house-years,” the number of FAIR Plan and insurance company policies increased between 2006 and 2007 by 29,112 or by 1.6%.

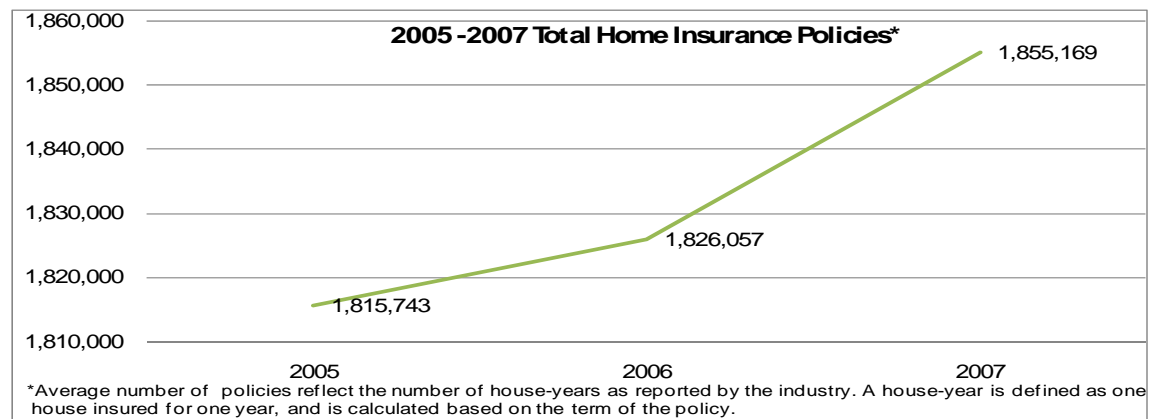


Figure 6

As illustrated in Figure 7, when looking at groupings of counties,<sup>7</sup> in 2007 Middlesex County had the largest population<sup>8</sup> and at 411,290 home insurance policies, the largest number of policies was sold to residents of this county. After Middlesex County, the

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<sup>7</sup> For the purpose of reporting information by county, certain Information Services Office (ISO) statistical reporting territories were combined in the following ways:

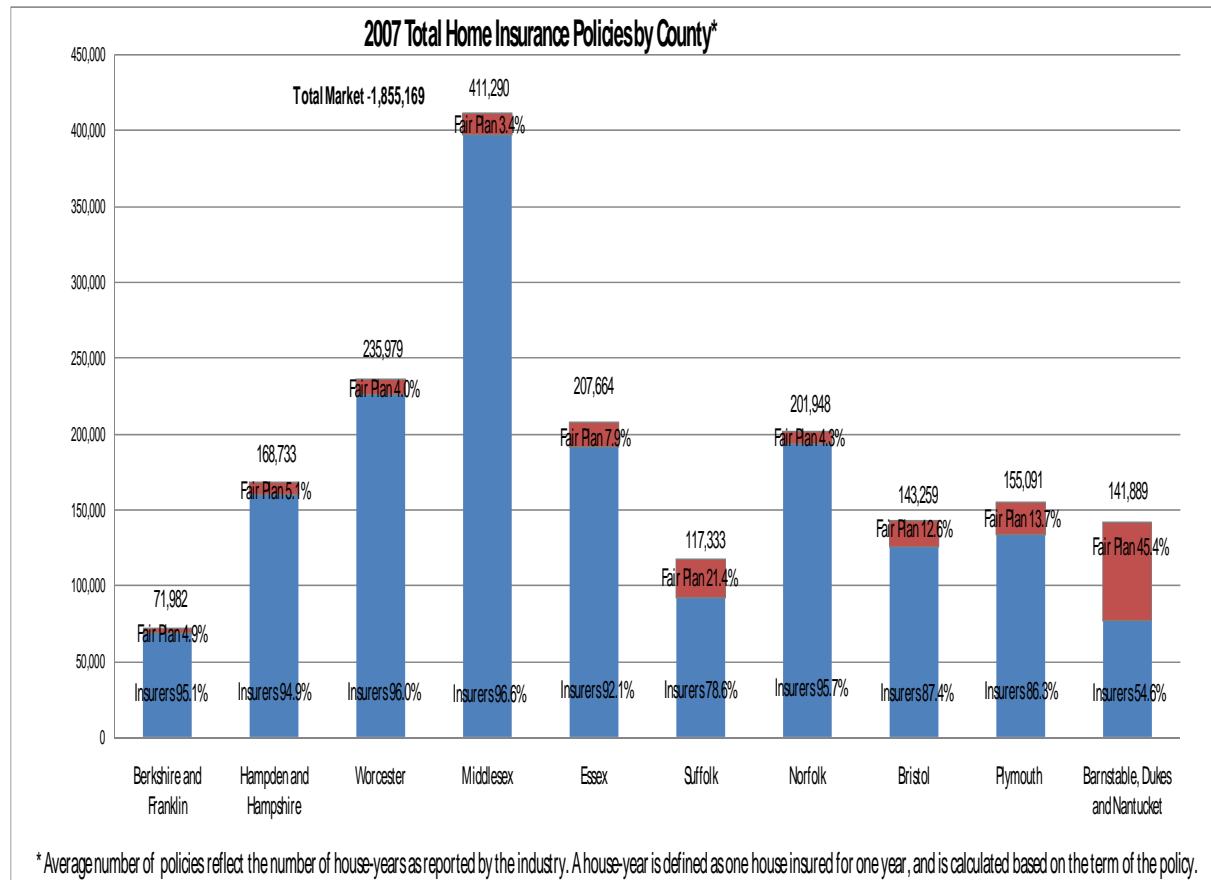
- Berkshire and Franklin County include territory 50.
- Hampden and Hampshire Counties include ISO territories 47, 48 and 49; and
- Worcester County includes ISO territories 45 and 46;
- Essex County includes ISO territories 38, 39 and 40;
- Middlesex County includes ISO territories 41, 42, 43 and 44;
- Suffolk County (including the City of Boston) includes ISO territories 2, 3, 4, 5 and 11;
- Norfolk County includes ISO territories 12, 30, and 31;
- Bristol County includes ISO territories 32, 33 and 34;
- Plymouth County includes ISO territories 35 and 36;
- Barnstable, Dukes and Nantucket Counties include ISO territory 37;

Detailed information for each territory is included in the Statistical Supplement to this report.

<sup>8</sup> Source: Annual Estimates of the Population for Counties of Massachusetts, Population Division, U.S. Census Bureau. Release Date: July 1, 2007.

next three largest counties for home insurance are: Worcester (235,979), Essex (207,694) and Norfolk (201,968) Counties.

As illustrated in Figure 7, the proportion of FAIR Plan policies written by area varies greatly. While the FAIR Plan writes 45.4% of the home insurance in Barnstable, Dukes and Nantucket Counties (an area also known as the Cape and Islands) and 21.4% of the home insurance in Suffolk County, it writes less than 15% of the policies in each of the other areas



**Figure 7**

When comparing home insurance between 2006 and 2007 as presented in Figure 8, all of the county groupings had increased levels of home insurance coverage, except for Bristol County, where coverage dropped by 4.6%. When considering the level of coverage that was underwritten by the FAIR Plan, the proportion dropped in every grouping except for the Bristol, Plymouth and Barnstable/Dukes/Nantucket areas. The FAIR Plan's proportion of the market increased slightly in both Bristol and Plymouth Counties and by 7.1% from 38.3% to 45.4% from 2006 to 2007 in the Barnstable/Duke/Nantucket area.

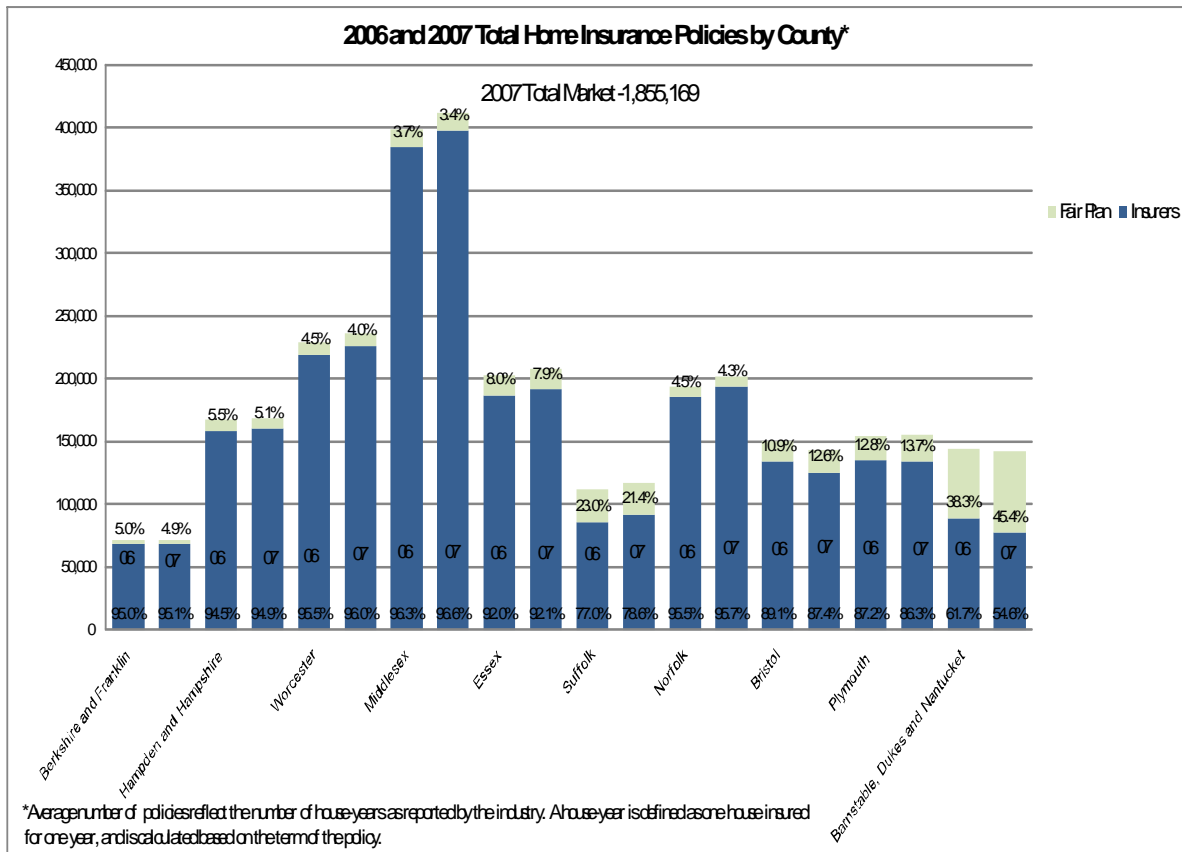


Figure 8

### Changing Availability of Coverage in Massachusetts

Even before insurance companies suffered severe losses with Hurricane Katrina in 2004 and other hurricanes affecting Gulf States in 2005, there had been significant changes in the ways that insurance carriers have approached risk in coastal areas on the Eastern Seaboard. Due to changes in the availability and cost of reinsurance, many insurers along the Atlantic Ocean with significant numbers of policies in coastal areas have been notifying their customers of declining interest to renew policies in those areas for some time.

Since 2004 the Division of Insurance has been notified by a number of insurers that they would nonrenew their coastal exposures in Massachusetts. The following catalogues those withdrawals and the estimated number of policyholders:

<b><u>2004</u></b>	Andover Group	14,000
<b><u>2005</u></b>	Patrons Mutual	1,400
	Preferred Mutual	600
	Vermont Mutual	5,000
	Hingham Mutual	8,000
	Quincy Mutual	7,000
	National Grange (NGM)	2,000

**2006**   Vesta Insurance Group      5,300

In addition to the companies listed above, the Hanover Insurance Group took steps in 2007 to nonrenew over 1,800 Cape and Island properties - a significant proportion of its covered properties in coastal areas. Following the nonrenewals, almost all the affected parties found coverage through the Massachusetts FAIR Plan with the same coverage terms that had been available through their former company.

Even though the Division maintains a list on its website<sup>9</sup> of companies which indicate that they are writing business in coastal counties, many of those companies only will write new business in areas that are not near coastlines. There are very few companies that have a significant share of their business written in Cape Cod and the Islands.

Despite the severe reduction in availability of coverage outside the FAIR Plan, there have been signs that there may be greater availability in the future. During 2007, the Division did approve the entry of a new entrant - Narragansett Bay Insurance Company – to write predominantly in coastal markets.

In addition, the Division restructured the private passenger automobile insurance market beginning April 1, 2008 which as of the printing of this report has attracted four new automobile insurance writers. The automobile insurance changes are expected to attract national companies to write in both the automobile and property markets. In addition, in order to compete for automobile business, many companies are offering expanded premium discounts to those who do have automobile and home insurance with their company.

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[http://www.mass.gov/?pageID=ocaterminal&L=4&L0=Home&L1=Consumer&L2=Insurance&L3=Homeowners+Insurance&sid=Eoca&b=terminalcontent&f=doi\\_Consumer\\_css\\_homeowner\\_ins\\_list&csid=Eoca](http://www.mass.gov/?pageID=ocaterminal&L=4&L0=Home&L1=Consumer&L2=Insurance&L3=Homeowners+Insurance&sid=Eoca&b=terminalcontent&f=doi_Consumer_css_homeowner_ins_list&csid=Eoca)

## **Wind Deductibles and Flood Exclusions**

### **Wind Deductibles**

In order to reduce their risk, many home insurers have implemented mandatory wind deductibles<sup>10</sup> that apply to any wind-related damages that may occur in certain coastal territories, such as - Barnstable, Dukes and Nantucket Counties -, or within a certain distance from the shore. These deductibles are being imposed as flat dollar amounts or as a percentage of the covered dwelling amount.<sup>11</sup> Although the Division has required that consumers be given clear disclosures of the deductibles before consumers purchase coverage and have encouraged producers to obtain written acknowledgements, it is unclear whether consumers understand the potential impact of the limitations.

According to information submitted to the Division from the FAIR Plan and the top 25 companies in the market, all but one company reported that they have mandatory wind deductibles that are part of the coverage they offer in the market with deductibles as high as a flat \$5,000 or 5% of the coverage for the main structure.<sup>12</sup> The largest wind deductibles are being imposed in the coastal parts of Bristol, Plymouth, Barnstable, Dukes and Nantucket Counties.

Of all the policyholders living in a coastal or urban area who are covered by the FAIR Plan or the top 25 home insurance companies, 45.4% had a mandatory wind deductible on their coverage in 2007. For those who lived in coastal areas, 73.0% had a mandatory wind deductible. For those who lived in urban areas, 25.7% of the policyholders had a mandatory wind deductible.

Beginning in 2006, the Division of Insurance encouraged insurance companies to allow covered persons to reduce or eliminate their wind deductible by taking steps to reduce the potential costs to their property in the event of a wind event. Drawing upon the experience of other states, most notably Florida, the Division encouraged companies to credit policyholders who installed hurricane shutters or shatterproof glass, installed hurricane-proof garage, patio, and other doors and/or installed roof/foundation anchor bolts. The Division has worked with many carriers to establish clear rules for mitigation programs and to establish ways to document that mitigation steps have been taken.

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<sup>10</sup> A wind deductible is a deductible that applies only to losses caused by wind.

<sup>11</sup> The FAIR Plan, for example, currently requires certain insureds to have a minimum wind percentage deductible of 1% to 5% (of the coverage amount for the dwelling and attached structures) or a minimum fixed dollar deductible of up to \$5,000, depending on the property's county, distance from the coast and coverage

<sup>12</sup> Additional detailed information is included in the Statistical Supplement to this report.

## **Flood Exclusions**

In the United States, insurance policies do not cover damages associated with floods<sup>13</sup>. Recognizing this lack of protection, Congress enacted legislation in 1968 to create the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency (FEMA). Under the program, the government plays the role of underwriter - assuming financial risk for damages - and relies on private insurance agents to sell policies.

The NFIP makes flood coverage available for all property holders as long as the property is located in an approved NFIP community. The property does not need to be in a flood plain to qualify for coverage. Flood insurance is only mandatory for those homes whose mortgage is through a federally-backed lender for property in high-risk flood areas.

FEMA has estimated that more than 11 million U.S. homes are in flood zones and that about one-fourth of the homeowners located in Special Flood Hazard Areas (SFHA)<sup>14</sup> are covered by NFIP-issued or NFIP-backed flood insurance. The proportion of homeowners with flood coverage is low because many people underestimate the risk of flooding. As presented in Figure 9, FEMA reports that 49,656 homes had flood insurance in 2007.

### **Federal Emergency Management Agency (FEMA) National Flood Insurance Program Report MASSACHUSETTS\***

<b>County</b>	<b>V-Zone Policies</b>	<b>A-Zone Policies</b>	<b>Other Policies</b>	<b>Total Policies</b>	<b>Total Premium</b>	<b>Total Coverage</b>
<b>Berkshire &amp; Franklin</b>	0	778	349	1,127	\$947,729	\$186,431,100
<b>Hampden &amp; Hampshire</b>	0	955	491	1,446	\$1,354,010	\$269,193,800
<b>Worcester</b>	0	980	550	1,530	\$1,645,156	\$338,405,500
<b>Middlesex</b>	0	3,617	1,784	5,401	\$3,738,682	\$1,040,885,000
<b>Essex</b>	294	3,920	2,314	6,528	\$5,716,698	\$1,287,657,800
<b>Suffolk</b>	32	3,051	766	3,849	\$3,143,302	\$712,228,500
<b>Norfolk</b>	60	3,735	1,207	5,002	\$3,714,663	\$986,409,000
<b>Bristol</b>	363	2,243	1,070	3,676	\$3,554,855	\$761,065,400
<b>Plymouth</b>	795	6,656	2,137	9,588	\$10,591,948	\$2,009,025,400
<b>Barnstable, Dukes &amp; Nantucket</b>	859	6,035	4,615	11,509	\$11,982,296	\$2,795,352,900
<b>State Total :</b>	<b>2,403</b>	<b>31,970</b>	<b>15,283</b>	<b>49,656</b>	<b>\$46,389,339</b>	<b>\$10,386,654,400</b>

\*Data is based on information received from the Federal Emergency Management Agency as 07/10/2008. Flood insurance is required for insurable structures within high-risk areas to protect Federal financial investments and assistance used for acquisition and/or construction purposes within communities participating in the National Flood Insurance Program. V-Zone Policies - policies, in primarily coastal flood hazard areas (high risk), that have a one percent chance in any given year to be flooded. A-Zone Policies - policies, in primarily flood hazard areas (high risk), that have a one percent chance in any given year to be flooded. Other Policies - policies outside V and A Zones that people who have received disaster assistance and are now required to purchase a policy and those people who have purchased an optional flood insurance policies (preferred risk policy).

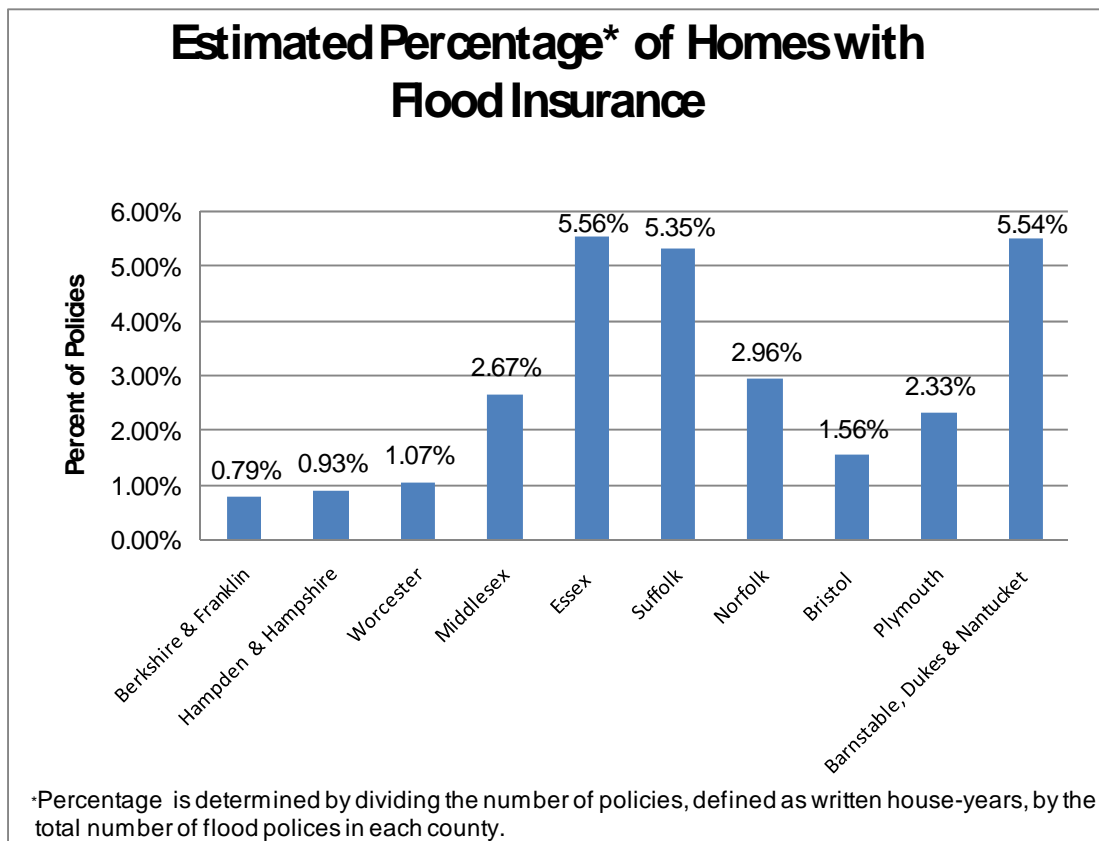
**Figure 9**

<sup>13</sup> Automobile insurance policies usually do cover flood damages to a motor vehicle.

<sup>14</sup> There are two types of Special Flood Hazard Areas: (1) a V-zone or coastal high hazard area including "the inland limit of a primary frontal dune along an open coast and any other area subject to high velocity wave action from storms or seismic sources" and (2) an A-zone area that is expected to be flooded once every 100 years.

The NFIP has kept statistics on national purchases of flood insurance and reported that only 28.0% of homes in SFHAs in 2004 and 0.6% of homes outside of SFHAs purchased flood insurance.<sup>15</sup> According to that report, Massachusetts was the nation's 13th most populous state in 2004, but ranked 18th in the number of policies in place through the National Flood Insurance Program. Barnstable County - with 10.2% of its homeowners with NFIP coverage – was the only county where more than 10% of the homeowners did hold flood insurance in 2004.

Although the Division issued Bulletin 2006-05 to remind insurers and insurance producers to offer flood insurance to all state residents, as illustrated in Figure 10, the Division estimates the number of Massachusetts homes with flood insurance continues to be low for 2007.



**Figure 10**

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<sup>15</sup> The National Flood Insurance Program's Market Penetration Rate: Estimates and Policy Implications, RAND Corporation, Lloyd Dixon, Noreen Clancy, Seth A. Seabury, Adrian Overton, February 2006.



## Financial Results

### Premiums

In 2007, insureds paid almost \$1.7 billion in premium – 9.0% more than the \$1.56 billion paid in 2006 - for home insurance with 94% of the coverage being traditional homeowners insurance. As illustrated in Figure 11, between 2006 and 2007, traditional homeowners insurance had the biggest increase in premiums of \$130.8 million while condominium coverage had the largest proportionate increase of 13.6%.

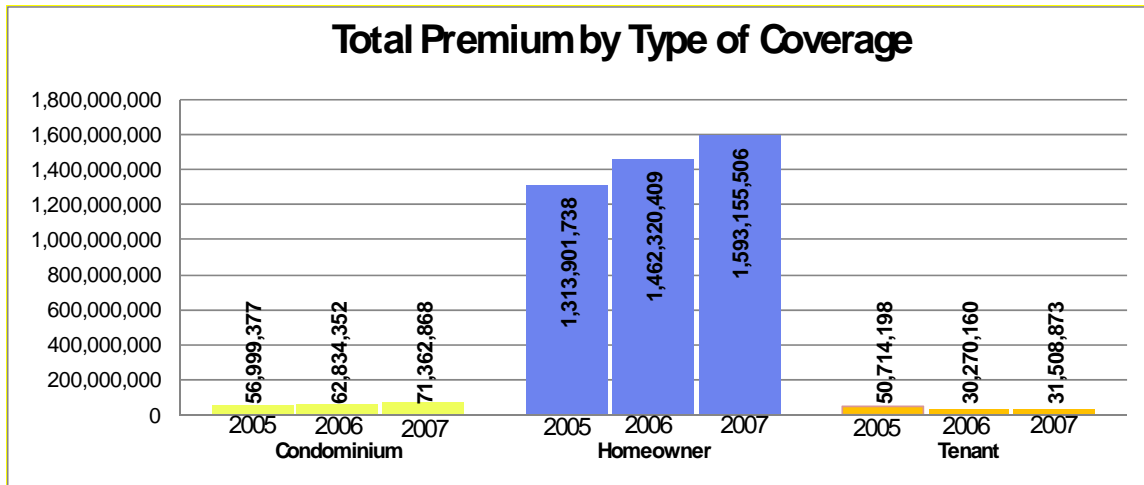


Figure 11

While the average premium for condominium coverage and for tenant coverage remained relatively the same, the average premium for traditional homeowners insurance increased by approximately 10%, partially due to rate increases and partially due to higher projected costs to rebuild homes.

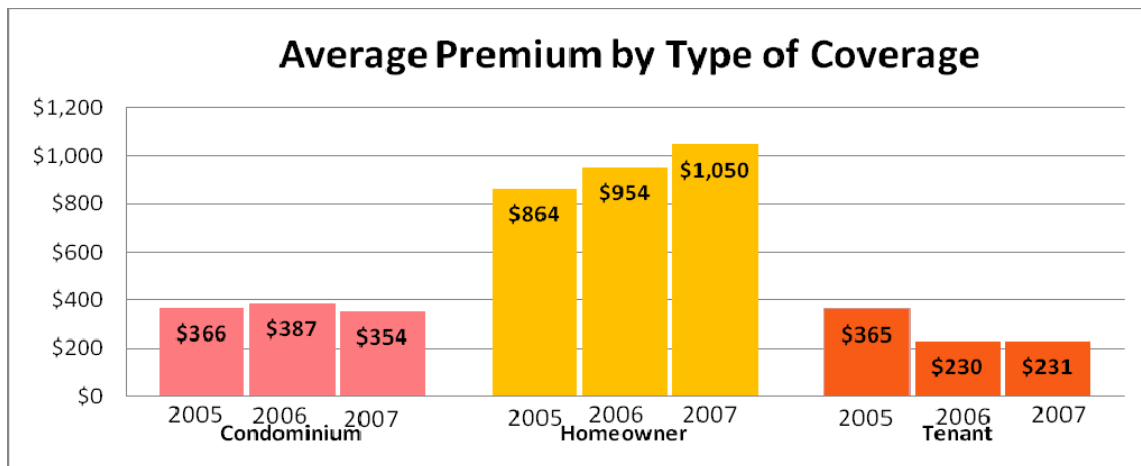


Figure 12

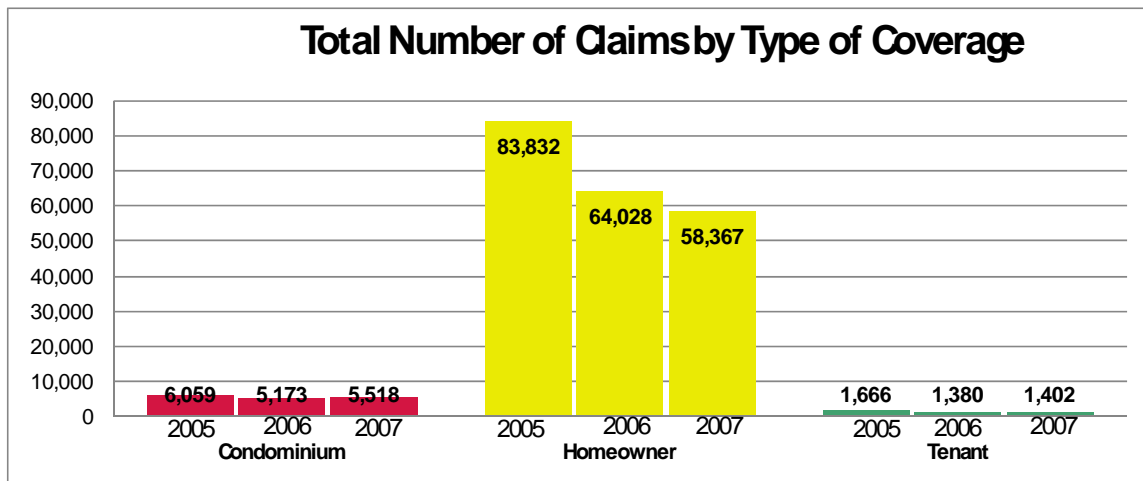
### **Costs**

Understanding prior year claim costs is essential to understanding future premiums. Since insurance rates are based on individual company projections of future claims and expenses and these projections, are based on prior years' experience, the Division presents claims experience in this report to understand changes in the overall market that may affect future coverage and rates.

### **Filed Claims**

In 2007, insureds filed a total of 58,367 claims to their Massachusetts home insurance companies – 8.0% fewer than the 60,428 filed in 2006 - with 89% of the claims filed on traditional homeowners insurance policies. As illustrated in Figure 13, traditional homeowners insurance was the only type of coverage with a decreased number of claims between 2006 and 2007; the reported number of claims on condominium and tenant policies actually increased.

Claim trends tend to fluctuate with damage-causing weather patterns. The past two years in Massachusetts have tended to have milder winters with fewer severe storms. On the other hand, there were a much higher number of claims associated with winter and spring storms in 2005.



**Figure 13**

While the total number of filed claims dropped over the past few years, the average claim incurred by insurance companies has been increasing. As illustrated in Figure 14, the average incurred claims for traditional home insurance increased between 2006 and 2007 by \$1,776 or by 20.8%. The claims for condominium and tenant insurance also increased but only by 5.0% and 17% respectively.

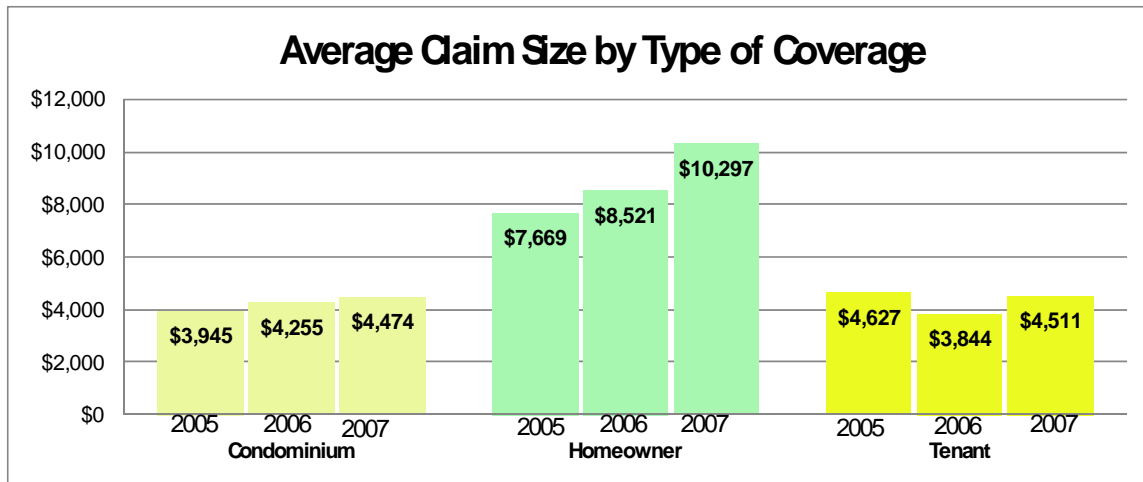


Figure 14

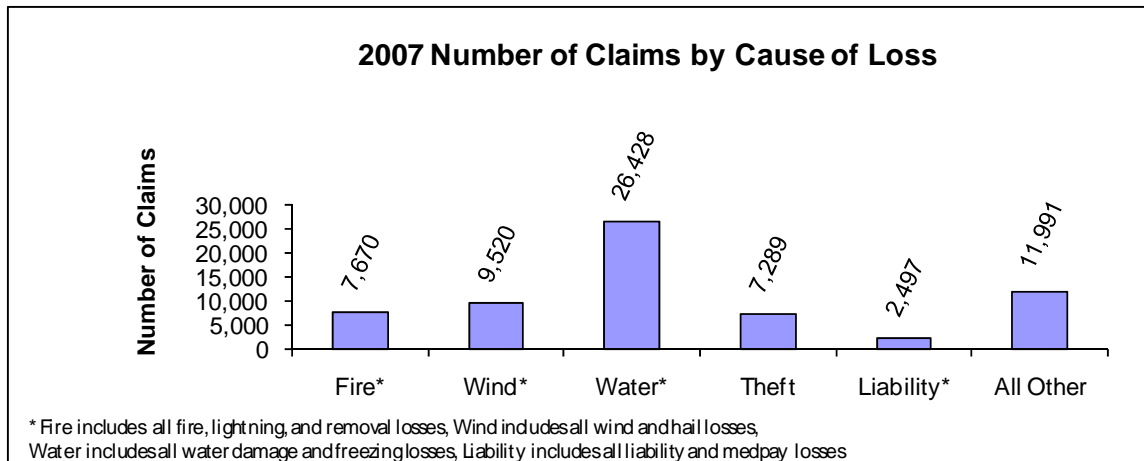
### Analysis of Claims Experience

When recording reported claims, companies categorize submitted claims according to the cause of loss in order to project future claims, as well as to consider loss control programs that may reduce future losses. Although certain events are natural (such as earthquakes) and others are manmade (such as theft) - companies track both types of losses to develop loss controls that are tailored to all events. In general, companies group submitted claims according to the following categories:

- Fire, lightning and removal;
- Wind and hail;
- Water damage and freezing;
- Theft;
- Liability and medical; and
- All other.<sup>16</sup>

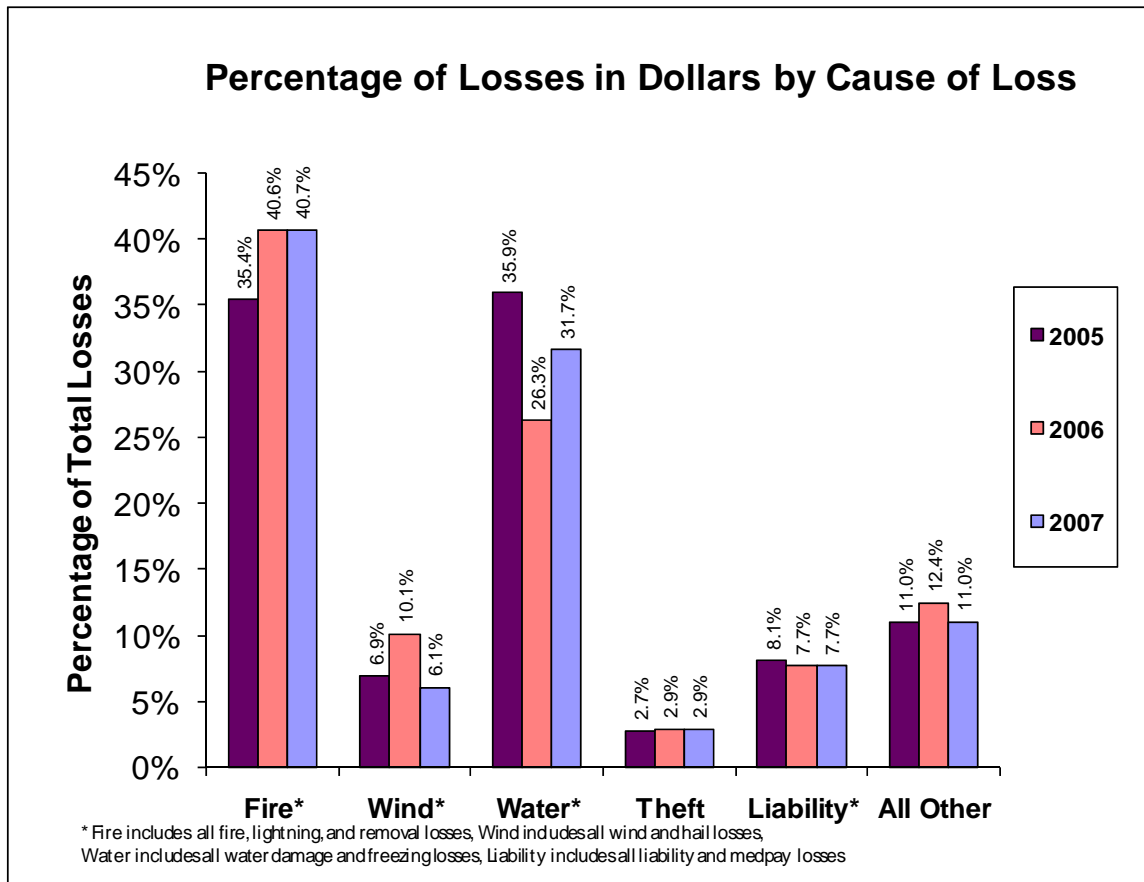
As illustrated in Exhibit 15, the highest number of claims – 26,428 – in 2007 was submitted for water damage and freezing losses; this is a little more than 40% of total claims. Policyholders also submitted 7,670 claims for fire, lightning and removal damages and 9,520 claims for wind and hail damages, accounting respectively for 14.6% and 11.7% of total claims filed. There were a total of 11,991 claims filed under the “all other” category which represents 18.4% of total claims filed.

<sup>16</sup> The “all other” category is used when: (a) the claim does not fit one of the other causes of loss, (b) when there is some question as to which cause of loss among several possible causes of loss caused the claim or (c) when the cause of loss is not known initially.



**Figure 15**

When considering the dollar cost of claims, as illustrated in Figure 16, the losses are distributed because certain types of claims (i.e., fires) have a higher average cost than other types of claims. Based on a review of the distribution of losses, while the distribution of losses remained constant for most of the losses, *wind and hail*-related losses declined from 14.6% of all claims in 2006 to 21.2% in 2007 and *water damage and freezing* losses increased from 37.7% of all claims in 2006 to 40.4% in 2007.



**Figure 16**

### **Additional Detail on Each Cause of Loss**

**Fire, lightning and removal** dollar losses as a percentage of statewide losses increased from 40.6% in 2006 to 40.7% in 2007. The statewide average *fire, lightning and removal* claim cost was \$33,537 in 2007 as compared to \$28,651 in 2006.

**Wind & hail** losses accounted for only 6.1% of total losses in 2007, as compared to 10.1% in 2006. Although the majority of the state had lower proportionate wind losses in 2007 than in 2006, the Springfield area had the biggest change, as the proportion of losses due to *wind and hail* decreased from 22.1% in 2006 to 2.6% of losses in 2007.<sup>17</sup> The statewide average claim cost for wind and hail damages increased from \$3,886 in 2006 and \$4,019 in 2007.

**Water damage and freezing** losses accounted for 35.9% of total losses in 2005, as compared to 26.3% in 2006 and to 31.7% in 2007.

**Theft** losses accounted for 2.9% of total losses in both 2006 and 2007. The total number of theft claims increased from 6,999 in 2006 to 7,289 in 2007 and the average statewide *theft* claim cost increased from \$2,364 in 2006 to \$2,510 in 2007.

**Liability and medical payments** losses accounted for 7.7% of total losses in both 2006 and 2007. The average statewide *liability and medical* claim cost increased from \$18,144 in 2006 to \$19,388 in 2007.

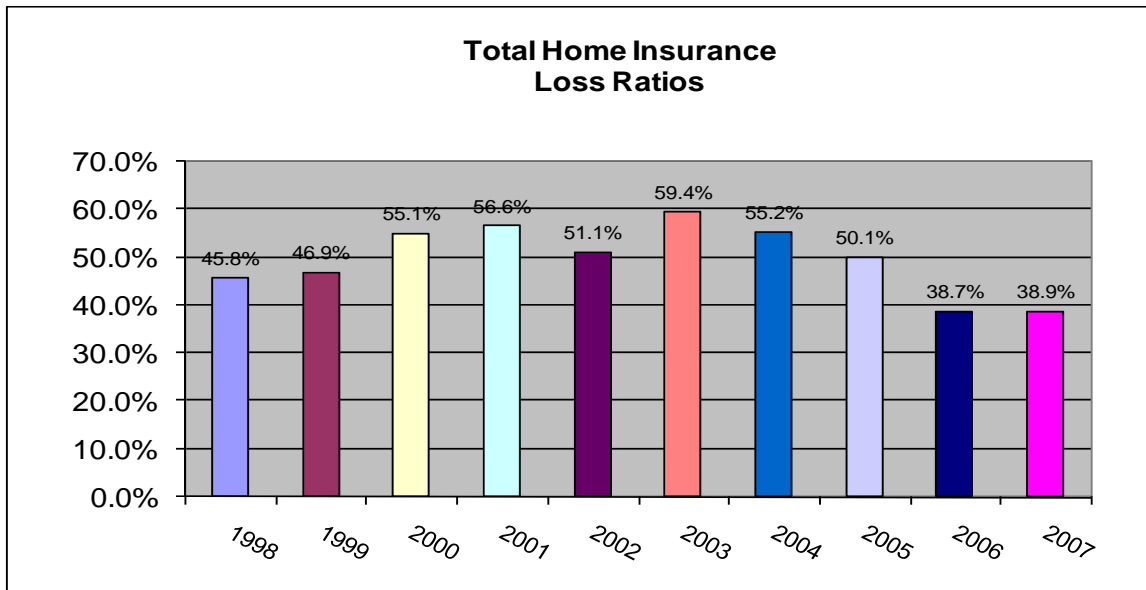
**All other claims** losses accounted for 11.0% of total losses in 2007 compared to 12.4% of total losses in 2006. Although the total number of claims filed increased from 11,505 in 2006 to 11,991 in 2007, the average claim cost decreased from \$6,179 in 2006 to \$5,809 in 2007.

### **Loss Ratios: Loss Experience Compared to Earned Premiums**

Loss ratio (incurred losses divided by earned premium) is a generally accepted measure of the underwriting success or failure of property insurance. The lower the loss ratio, the higher the company's profit after paying administrative expenses; the higher the loss ratio, the more likely companies have overall losses after paying for administrative expenses. Based upon the submitted loss data, the 2007 overall loss ratio for all FAIR Plan and insurance company policies was 38.9%. Figure 17 presents a history of the corresponding loss ratios by year for the entire market since 1998:

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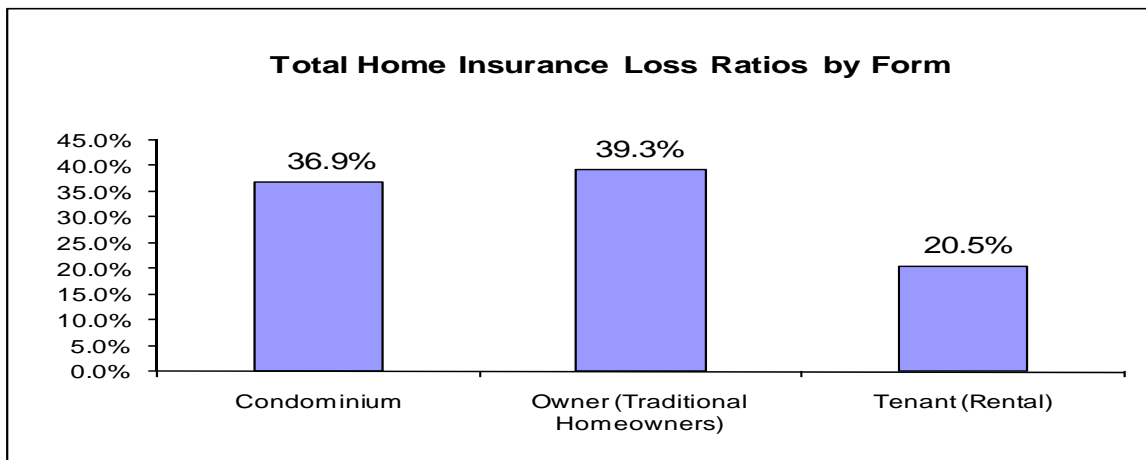
<sup>17</sup> See accompanying statistical supplement Exhibit 7A for specific detail on a region by region basis.



**Figure 17**

Non-weather events do not usually cause major shifts in loss trends;<sup>18</sup> weather-related events can cause such shifts but it depends on the severity of the events. For example, even though there were two “catastrophe”<sup>19</sup> events in 2005, three in 2006 and one in 2007, the resulting losses varied with the severity of the event.

As presented in Figure 18, the condominium and traditional homeowners ratios are consistent with the statewide average, but the tenant coverage at 20.5% is significantly lower than the overall rate of 38.9%.



**Figure 18**

<sup>18</sup> Fire losses are an exception to this in so far as fires involving multiple dwellings can significantly impact losses for a year.

<sup>19</sup> Massachusetts catastrophe code numbers were assigned by Property Claims Services, Inc. (PCS), a subsidiary of ISO, Inc. This organization assigns catastrophe code numbers to natural events when insurable losses resulting from a natural event exceed \$25 million and produce at least 2,000 claims.

### **Combined Ratios: Loss and Expense Experience Compared to Premiums Collected**

Combined ratios (the combination of company expenses and incurred claims divided by earned premium) is a measure of the overall experience of property insurance companies in a market. The lower the combined ratio, the higher the company's potential profit.

Although companies submit incurred loss ratio experience as part of the annual home insurance data call, companies have not reported company-by-company expense experience. In order to derive a picture of the market, the following table derives general and other expenses based on aggregate reported financial information for the past four years for insurers – not including the FAIR Plan.

#### **Calculation of Adjusted Combined Ratios**

	(A)	(B)	(C) = (B)/(A)	(D)	(E)= (D)/(A)	(F)	(G)	(H)	(I)	(J) = (F)+(G)+(H)+(I)	(K)= (E)+(J)/A	(L)	(M)= (K)+(L)
	Earned Premium	Incurred Losses		Incurred Losses + All Loss Adj Expenses	Adjusted Loss Ratio (incl All Loss Adjust Expenses)	Producer Commissions	Taxes and Licensing Fees	Other Acquisition Expense	General Expenses		Combined Ratio (Adj Loss Ratio + Expense Ratio)	Mutual Company Dividendsto Policyholders	Adjusted Combined Ratio (incl Mutual Divs)
Year	(\$000's)	(\$000's)*	Ratio*	(\$000's)						Expense Ratio			
2007	1,374,607	520,492	37.9%	587,578	42.7%	18.9%	2.6%	7.5%	4.3%	33.3%	76.0%	0.6%	76.6%
2006	1,285,696	480,453	37.4%	550,171	42.8%	19.6%	2.8%	7.5%	5.2%	35.1%	77.9%	0.7%	78.5%
2005	1,193,270	573,842	48.1%	632,350	53.0%	19.5%	2.6%	6.6%	4.3%	33.0%	86.0%	0.7%	86.7%
2004	1,094,265	585,169	53.5%	675,096	61.7%	19.5%	3.1%	7.8%	5.0%	35.4%	97.1%	0.7%	97.8%

\* For the purpose of these columns, incurred losses includes both incurred losses and allocated loss adjustment expenses (defense and cost containment expenses).

Reinsurance expenses are not included in this calculation and are more fully discussed below.

**Figure 19**

As illustrated in Figure 19, it is important to not only look at insurance company loss ratios, but also at adjusted combined ratios<sup>20</sup> in order to understand company experiences. The adjusted combined ratio of 76.7% for 2007 is relatively similar to the ratio of 78.5% for 2006 but is significantly lower than the ratios for 2005 and 2004.

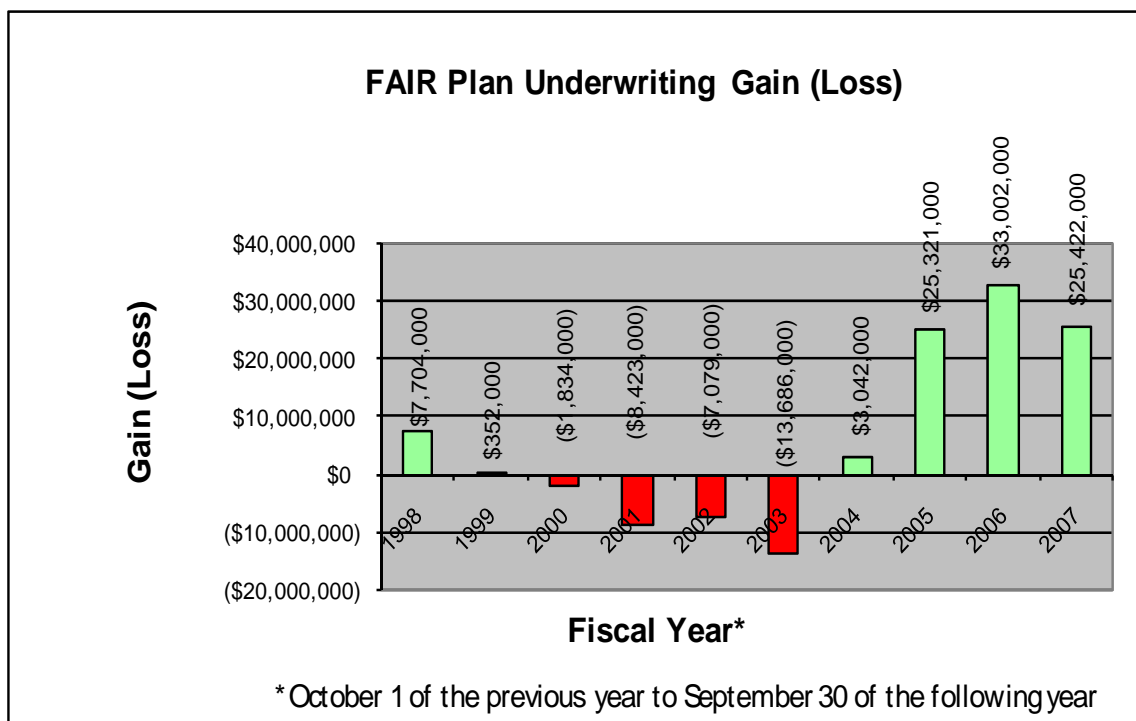
<sup>20</sup> Insurance companies pay claims handling expenses (also known as "loss adjustment expenses" which if added to incurred losses to calculate an adjusted loss ratio to provide a clearer picture of the proportion of premium dollars that are devoted to claims and claims handling expenses. In addition to claims companies need to pay other expenses, including producer commissions, taxes and licensing fees, other acquisition cost, and general administrative expenses in order to run their businesses. These expenses when combined with the adjusted loss ratio generate a combined ratio reflecting the overall costs of business during a calendar year. Finally, some mutual insurance companies make payouts to policyholders in the form of dividends that should also be factored into the analysis since these are real expenses paid out by these companies to their policyholders.

The above analysis does not reflect what companies pay for catastrophe and hurricane reinsurance because this information is not readily available within the aggregate financial statements for Massachusetts homeowners business. Based upon information submitted as part of individual company rate filings, reinsurance expenses have increased over the past four years and could account for as much as 25% of a company's premiums dependent on that company's portfolio of coastal exposures.

As noted in Figure 19, if the noted expenses are combined with losses and compared to earned premiums, insurers – not including the FAIR Plan<sup>21</sup> - have had adjusted combined ratios that have declined over the past three years which would indicate that companies may have been able to generate increasing levels of profit over this period.

### **FAIR Plan Financial Results**

During its 2007 fiscal year, the FAIR Plan had an underwriting profit of \$25.4 million,<sup>22</sup> (see accompanying Statistical Supplement) which is a fourth consecutive year of underwriting profit<sup>23</sup> following five years of underwriting losses.



**Figure 20**

<sup>21</sup> The FAIR Plan is not included in this analysis solely because the FAIR Plan has different commission structures and accounting processes that would not necessarily bear comparison for the purpose of deriving a combined ratio.

<sup>22</sup> The FAIR Plan fiscal year runs from October 1<sup>st</sup> of one calendar year to September 30<sup>th</sup> of the following calendar year, e.g., fiscal year 2007 runs from October 1, 2006 to September 30, 2007.

<sup>23</sup> Since the FAIR Plan is not an insurance company per se, it refers to its underwriting profit as its contribution to surplus. For the purpose of this analysis, the report will continue to refer to this as an underwriting profit.



As illustrated in Figure 21, the FAIR Plan experienced a Fiscal Year 2006 underwriting profit – often called the FAIR Plan’s contribution to surplus - of \$175 per policy, as compared to an underwriting profit per policy of \$151 in Fiscal Year 2005 losses of \$26, \$113, \$84 and \$138 for Fiscal Years 2000, 2001, 2002 and 2003, respectively.

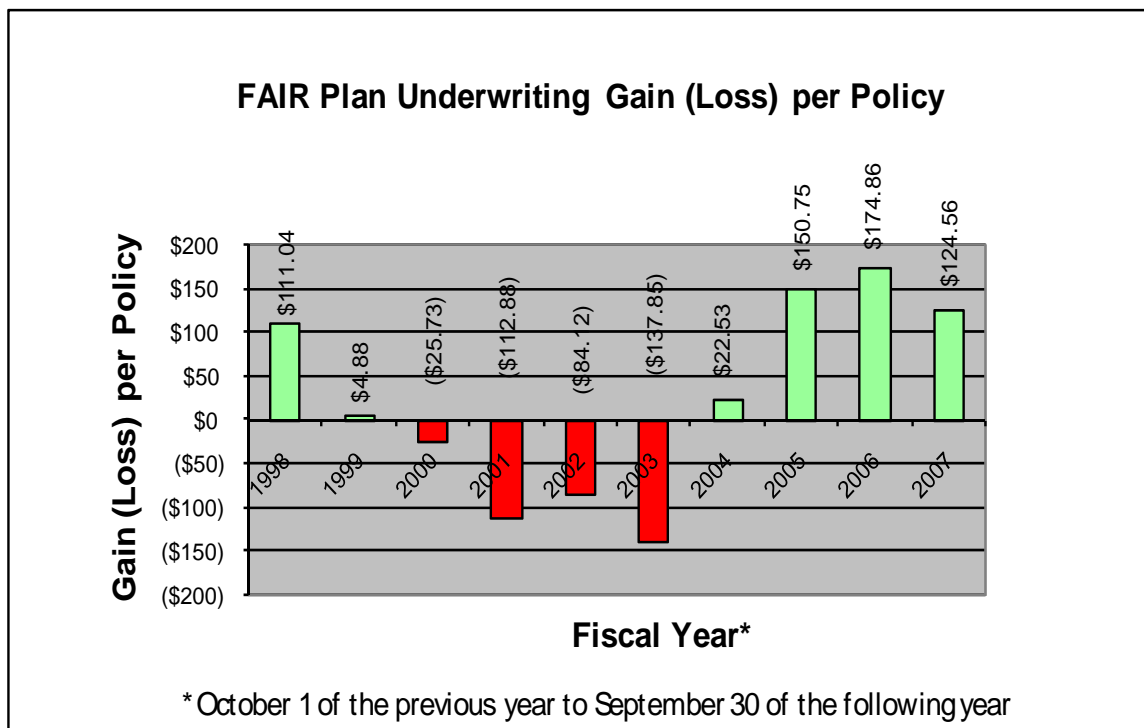


Figure 21

### Changes in FAIR Plan Rates

As illustrated on Figure 22, the FAIR Plan modified its average rates between 1996 and 2004 on an annual basis by changes ranging from a low of -0.51% to a high of 5.30%. Each of these filings were reviewed according to the standards of the M.G.L. c. 175C and were approved without the necessity of completing a mandatory rate proceeding. In 2005, the FAIR Plan submitted a request for a 12.5% statewide rate increase, including a request for a 25.0% rate increase in Barnstable, Dukes and Nantucket Counties.<sup>24</sup> Following a regulatory hearing, the FAIR Plan was granted a 12.42% statewide increase, including a 25.0% rate increase in Barnstable, Dukes and Nantucket Counties.

<sup>24</sup> Identified as ISO statistical territory 37, and is commonly known as the Cape Cod and Islands area.

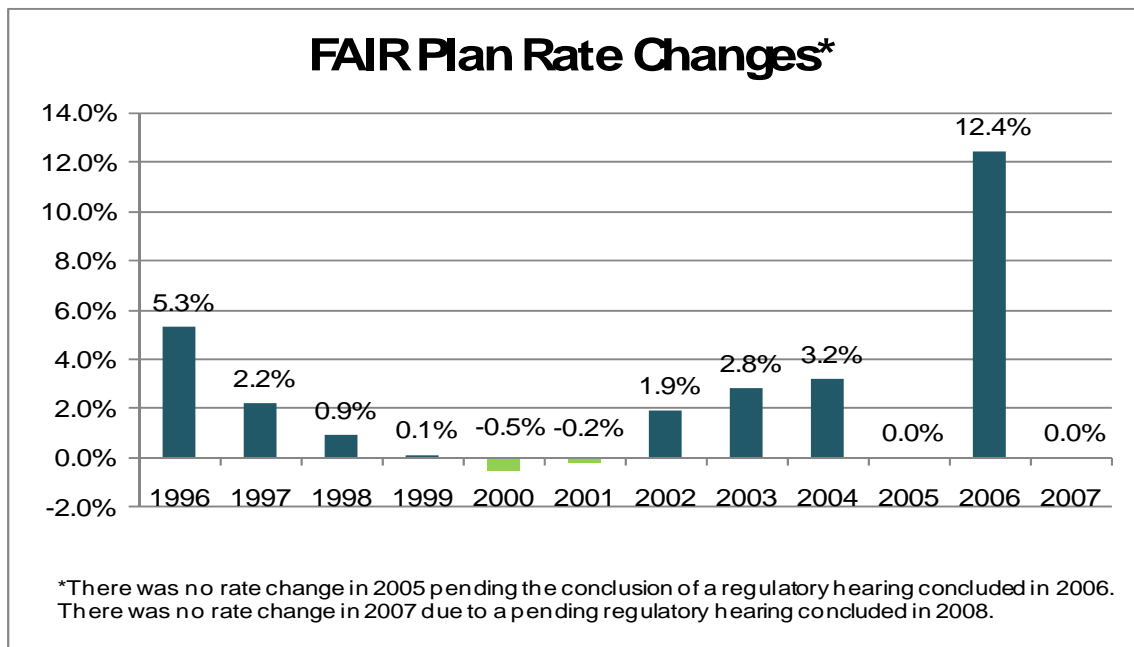


Figure 22

Shortly following the conclusion of the 2006 proceeding, the FAIR Plan submitted a request for a statewide rate increase of 13.2%, including a 25.0% rate increase in Barnstable, Dukes and Nantucket Counties, to be effective July 1, 2008. This rate proceeding concluded in 2008 and the requested rate increase was denied in total because the Commissioner ruled that although the “FAIR Plan is required to prove that its request falls within a range of reasonableness and that its proposed rates are not excessive, inadequate or unfairly discriminatory...[and she] found that the FAIR Plan...failed to meet its burden on a number of critical fronts and will not be permitted to charge Massachusetts homeowners the increased rates.” Based on this ruling, the FAIR Plan rates remained the same as they were following the conclusion of the 2006 proceeding.

### **Review of FAIR Plan Compared to Private Market**

The FAIR Plan’s rates have often been more affordable than essentially the same coverage in the voluntary market. As a result, many persons who have lost coverage as their company pulled out of coastal markets have found that their coverage has been more affordable under the FAIR Plan than was available from their former insurer.

It also appears that consumers who are assigned to the FAIR Plan may not be shopping around aggressively for other coverage. In 2007, only 63 people of the 204, 101 policyholders written through the FAIR Plan took advantage of the FAIR Plan’s Market Assistance Plan (see Statistical Supplement for detail on this program), where the FAIR Plan offers the applicant’s coverage to any other insurer writing in the market. While some may not fully understand this program, it is possible that the FAIR Plan’s rates are low enough that most do not shop for alternate coverage.

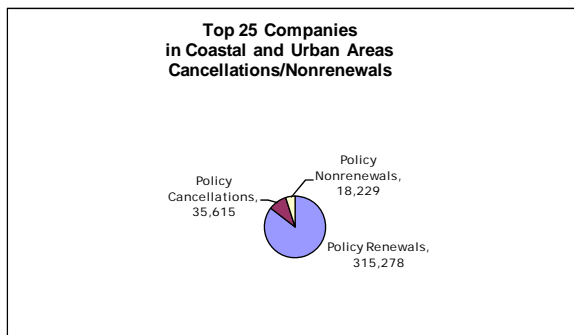
### **Cancellations and Nonrenewals in 2007**

The Division collects information from the top twenty-five insurers<sup>25</sup> according to their share of the Massachusetts statewide written premium in the homeowners market and the FAIR Plan. All are required<sup>26</sup> under Chapter 175, §4B to report to the Division a listing of policies in-force, total cancellations, and total nonrenewals for each zip code designated by the Commissioner on a calendar year basis for policies written for the reporting period.<sup>27</sup>

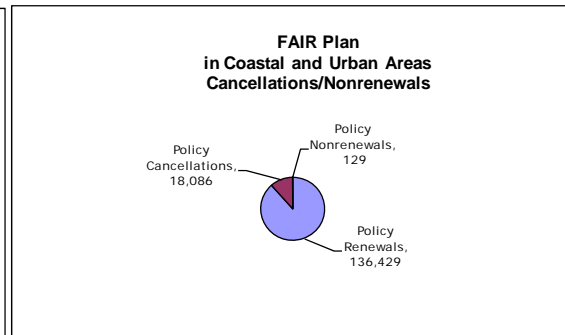
#### **Aggregate Cancellation/Nonrenewal Data**<sup>28</sup>

The top 25 companies and the FAIR Plan reported that they had a total of 451,707 policies in-force in urban and coastal areas as of December 31, 2007 and as illustrated in Figures 23-A and 23-B, the top 25 companies covered 315,278 homes and the FAIR Plan covered 136,429 homes. Of the total policies in-force, there were 264,163 policies in urban areas and 187,544 policies in coastal areas.

During 2007, there were a total of 53,701 policies cancelled in urban or coastal areas, with 35,615 cancelled by the top 25 companies and 18,086 cancelled by the FAIR Plan. Of the total number of cancellations, 35,812 policies were cancelled in urban areas and 17,899 policies were cancelled in coastal areas.



**Figure 23-A**



**Figure 23-B**

The top 25 companies and the FAIR Plan report that there were a total of 18,358 policies nonrenewed in the designated zip codes in 2007 with 18,229 policies nonrenewed by the top 25 companies and 129 nonrenewed by the FAIR Plan. Of the total number of nonrenewals, 5,657 policies were nonrenewed in urban areas and 12,701 policies were nonrenewed in coastal areas.

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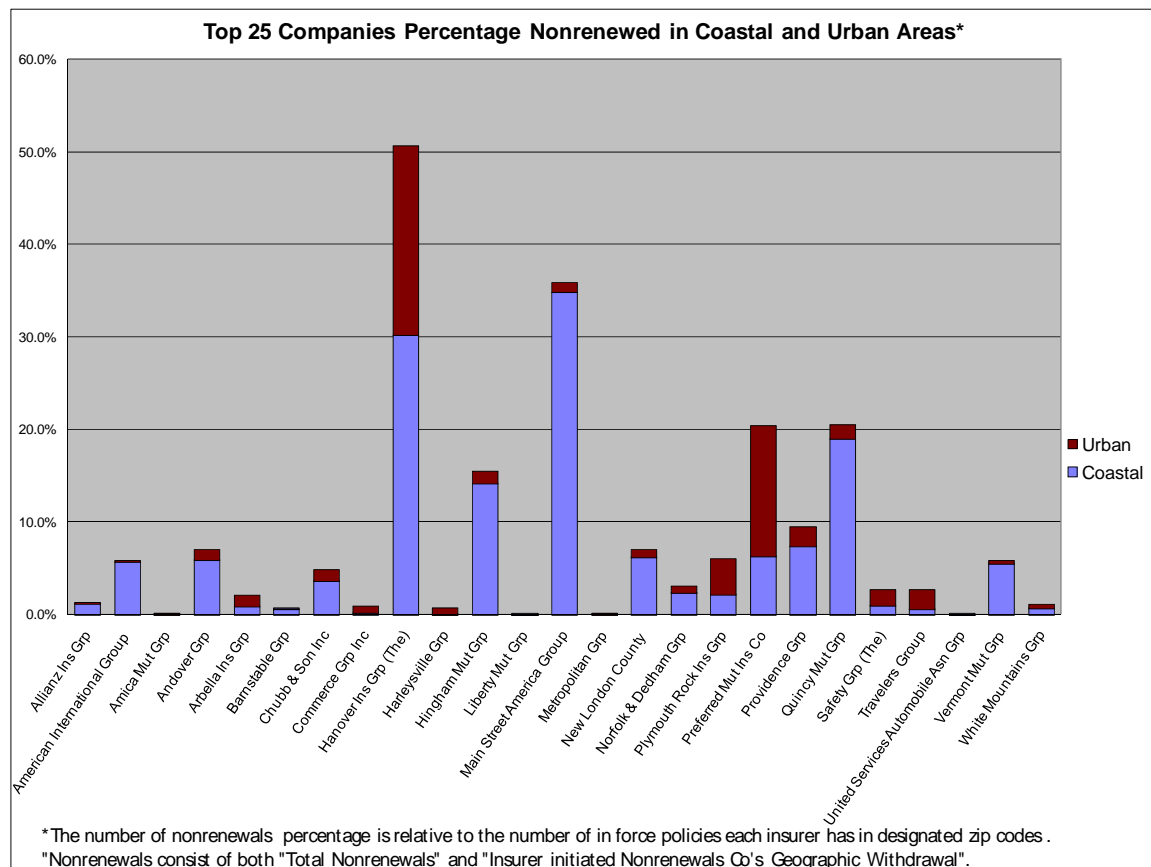
<sup>25</sup> The list of the top 25 insurers, primarily insurer groups that were writing homeowners insurance in Massachusetts in 2007 based on written premium data from the National Association of Insurance Commissioner's database for homeowners multiple peril is listed within footnote 4. Some of these insurer groups are better known by the names of their individual insurance companies.

<sup>26</sup> Cancellation and nonrenewal data are not currently captured by any of the statistical plans.

<sup>27</sup> The designated zip codes are identified in Exhibit 8A of the Statistical Supplement to this report.

<sup>28</sup> Detailed information identifying the number of cancellations and nonrenewals by zip code for each of the noted companies is included within the Statistical Supplement to this report.

When examining the information submitted on a company-by-company basis, as illustrated in Figure 24, four companies – The Hanover Insurance Group, Main Street America Group, Preferred Mutual Insurance Group and Quincy Mutual Insurance Group - had relatively high numbers of nonrenewals in 2007 in coastal and urban areas as they reduced their overall exposure in coastal and urban markets. Some of the 2007 nonrenewals are ones that the companies announced in 2006.



**Figure 24**

### Supplementary Information About Cancellations/Nonrenewals

In examining cancellations in urban and coastal areas, the Division asked companies to report whether cancellations were policyholder-initiated or insurer-initiated, and if insurer-initiated, whether they were made in the first 59 days (when an insurer may do so without reason) or were due to nonpayment or for other permitted reasons after the first 59 days of a policy. The Division requested information regarding the number of nonrenewals specifically associated with geographic concerns as opposed to those undertaken for any other reasons.

### Cancellations

The top 25 companies and the FAIR Plan reported:

- 53,701 cancellations during 2007;
  - 31,566 were initiated by the policyholder and
  - 22,135 were initiated by the insurer with
    - 1,034 initiated by the insurer in the first 59 days
    - 18,070 cancelled due to nonpayment; and
    - 3,031 cancelled for other reasons permitted by law.

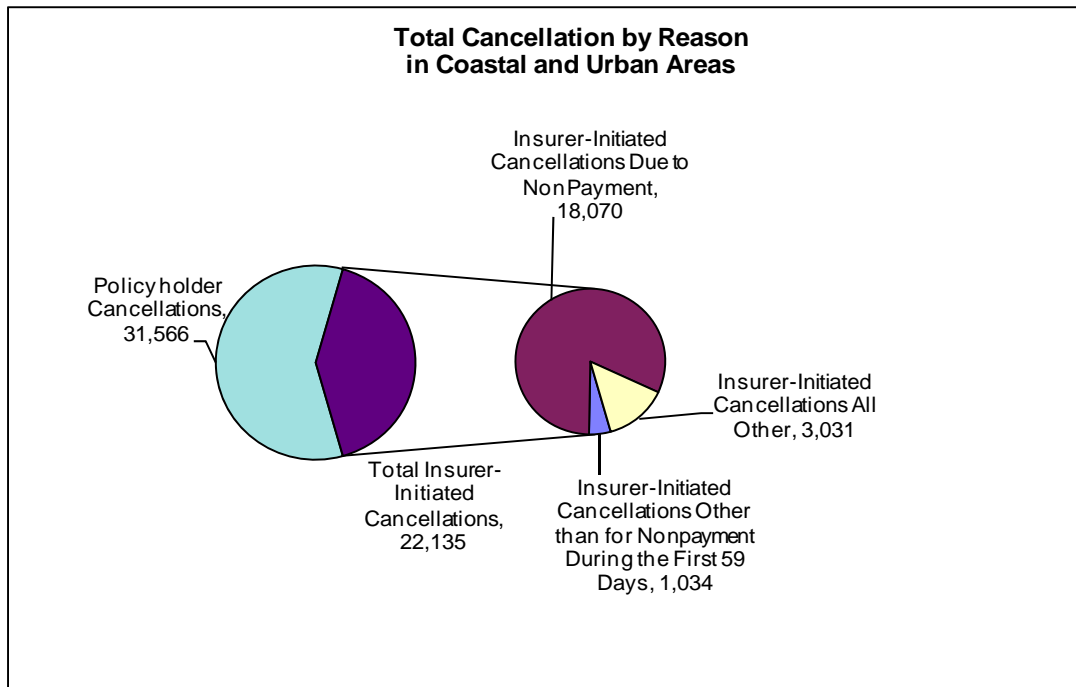


Figure 25

From an examination of those policies that were in urban areas:

- 35,812 cancellations during 2007
  - 20,385 were initiated by the policyholder and
  - 15,427 were initiated by the insurer with
    - 731 initiated in the first 59 days;
    - 12,382 cancelled due to nonpayment; and
    - 2,314 cancelled for other reasons permitted by law.

From an examination of those policies that were in coastal areas:

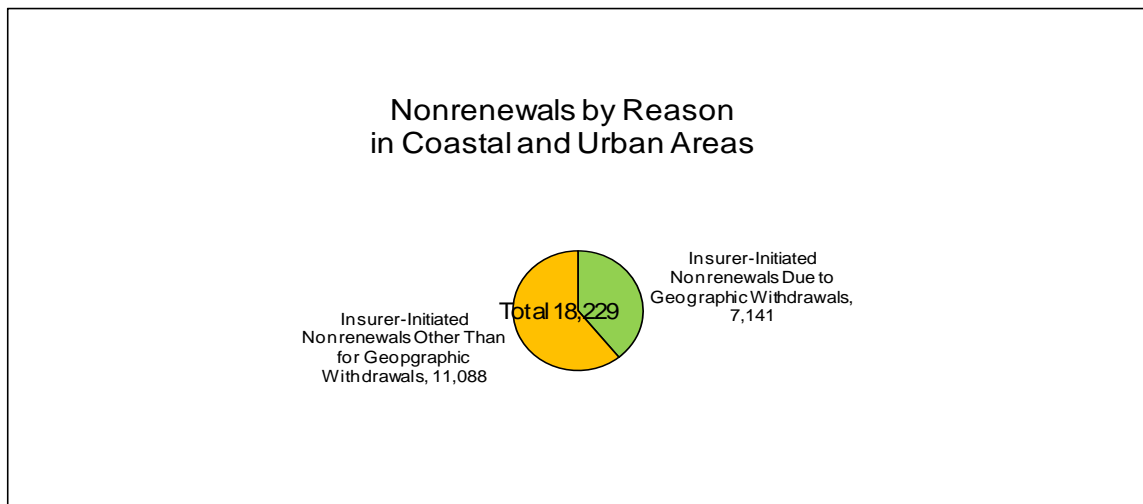
- 17,889 cancellations during 2007
  - 11,181 were initiated by the policyholder and
  - 6,708 were initiated by the insurer with
    - 303 initiated in the first 59 days;
    - 5,688 cancelled due to nonpayment; and
    - 717 cancelled for other reasons permitted by law.

Nonrenewals

Home insurance products are term products, almost always written with a one-year policy period. At the end of the one year period, insurance companies and insureds must decide whether to continue the coverage for another policy period or to nonrenew the policy. There are no Massachusetts statutes that limit the reasons for the nonrenewal of coverage, but an insurer must provide the policyholder or policyholder's insurance producer with at least 45 days advance notice.

The Division requested that companies not report data where a renewal offer was made and the policyholder did not accept the offer, instances where the policyholder requested that the policy not be renewed, and any nonrenewals connected to an insurance agency that did not produce business for the company during the years 2005, 2006, and 2007. The Division requested that companies distinguish between nonrenewals that were made based on: (a) the risk of natural perils (*i.e.*, windstorm, hurricane) that are usually covered under the standard homeowners policy or (b) all other reasons.

The top 25 companies report that there were a total of 18,229 policies nonrenewed in the designated zip codes<sup>29</sup> in 2007, with 7,141 nonrenewed as insurers withdrew from certain geographic areas and 11,088 nonrenewed for other reasons. This compares with a total of 20,968 policies nonrenewed in the designated zip codes in 2006 (2,739 less in 2007), with 8,356 nonrenewed as insurers withdrew from certain geographic areas (1,215 less in 2007) and 12,612 nonrenewed for other reasons (1,524 less in 2007) (In addition to the top 25 company nonrenewals, the FAIR Plan did not renew 129 policies according to what is permitted within its Plan of Operations, including properties whose value exceeds the \$1,000,000 cap for FAIR Plan covered properties.)



**Figure 26**

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<sup>29</sup> The designated zip codes are identified in Exhibit 8A of the Statistical Supplement to this report.

Of the reported 7,141 that were nonrenewed because the insurer decided to withdraw from a geographic area, 5,840 of the identified nonrenewals were due to withdrawal from a geographic area were in those zip codes identified as coastal areas, with the remaining 1,301 in zip codes identified as urban areas.

Of the reported remaining 11,088 nonrenewals for reasons other than a decision to withdraw from a geographic area, 6,822 were nonrenewals in those zip codes identified as coastal areas and 4,266 were nonrenewals in those zip codes identified as urban areas.

*Claims History of Persons Renewed and Nonrenewed in 2007*

In the 2007 survey, the Division asked the top 25 home insurance companies to separately report the claims history of people who were nonrenewed from those who were renewed during 2007.<sup>30</sup> The top 25 companies report that there were a total of 18,229 policies nonrenewed in the designated zip codes in 2007, with 5,567 policies nonrenewed in those zip codes identified as urban areas and 12,662 policies nonrenewed in those zip codes identified as coastal areas.

Claims Filed for Renewed/Nonrenewed Policies						
Renewed Policies <sup>1</sup>						
	(1)	(2)	(3)	(4)=1000*(3)/(1)	(5)	(6)=(5)/(2))
	Policies	Number of Claims Filed in 2005, 2006 and 2007	Estimated Number of Claims Filed in 2005, 2006 and half of 2007 <sup>2</sup>	Estimated Claims Filed per 1,000 Policies <sup>3</sup>	Total Claims Dollars <sup>3</sup> Due to Claims Filed in 2005, 2006 and 2007	Average Claim Size
Urban + Coastal <sup>5</sup>	315,278	37,200	31,305	99	\$159,923,189	\$4,299
Urban	205,766	24,466	20,722	101	\$100,798,157	\$4,120
Coastal	109,512	12,734	10,583	97	\$59,125,033	\$4,643
Nonrenewed Policies <sup>4</sup>						
	(7)	(8)		(9)=1000*(8)/(7)	(10)	(11)=((10)/(8))
	Policies	Number of Claims Filed in 2005, 2006 and 2007		Estimated Claims Filed per 1,000 Policies <sup>3</sup>	Total Claims Dollars <sup>3</sup> Due to Claims Filed in 2005, 2006 and 2007	Average Claim Size
Urban + Coastal <sup>5</sup>	11,088	1,558		141	\$16,334,511	\$10,484
Urban	4,266	788		185	\$9,007,928	\$11,431
Coastal	6,822	770		113	\$7,326,583	\$9,515

<sup>1</sup> Includes all Top 25 policies in force in urban and coastal areas as of 12/31/07 except policies that were issued in 2007. Does not include any FAIR Plan Policies.

<sup>2</sup> Renewed Policies were exposed to risk of loss for all of 2007. Non-renewed policies were exposed to risk of loss on average for half of 2007; therefore, to facilitate comparison between renewed and nonrenewed policies, one half of the claims on renewed policies during 2007 have been removed from column (3).

<sup>3</sup> Excludes claims not closed by 12/31/07.

<sup>4</sup> Includes only nonrenewal policies in urban and coastal areas of the top 25 companies with the nonrenewal decision made for reasons other than geographic withdrawal. Does not include any FAIR Plan policies.

<sup>5</sup> Does not include approximately 1.4 million policies written by top 25 voluntary writers outside designated urban and coastal zip codes.

**Figure 27**

<sup>30</sup> In collecting the claims history for those people renewed in 2007, the Division requested in its survey that the company report the number of claims reported and dollars of claims paid during each of 2005, 2006 and 2007. Similarly, in collecting the claims history for those persons nonrenewed in 2007, the Division requested that the company report the number of claims reported and dollar of claims paid during each of 2004, 2005, 2006 and 2007.

Of the reported 315,278 policies renewed by the top 25 home insurance companies, there were an estimated 37,200 claims filed during the reporting period; this is an average of 99 claims filed per 1,000 policies renewed in 2007. The companies reported having paid \$159,923,189 in claims during the reporting period for those renewed in 2007 with an average claim size of \$4,299.

When comparing urban and coastal renewed policies, there were 97 claims filed per 1,000 coastal policies, as compared to 101 claims filed per 1,000 urban policies. The average claim size for renewed people was \$4,643 per claim for coastal policies, as compared to \$4,120 per claim for urban policies.

Of the reported 11,088 policies nonrenewed by the top 25 insurance companies, there were a total of 1,558 claims filed during the reporting period; this is an average of 141 claims filed per 1,000 nonrenewed policies in 2007. The companies reported having paid \$16,334,511 in claims during the reporting period for those nonrenewed in 2007 with an average claim size of \$10,484.

When comparing urban and coastal nonrenewed policies, there were 113 claims filed per 1,000 coastal policies, as compared to 185 claims filed per 1,000 urban policies. The average claim size for renewed people was \$9,516 per claim for coastal policies, as compared to \$11,431 per claim for urban policies.

### **Summary**

While the results are not identical, it is apparent from the survey data collected over the 2006 and 2007 reports that persons who have been nonrenewed have on average filed fewer claims and more expensive claims during the experience period. Nevertheless, a significant number of people who were renewed also filed claims. As noted in the 2006 report, 334,218 of those who renewed coverage in 2006 did file claims sometime in the prior three years and companies made payments of \$165,103,618 on these claims. As noted in this 2007 report, 315,278 of those who renewed coverage in 2007 did file claims sometime in the prior three years and companies made payments of \$159,923,189 on these claims.



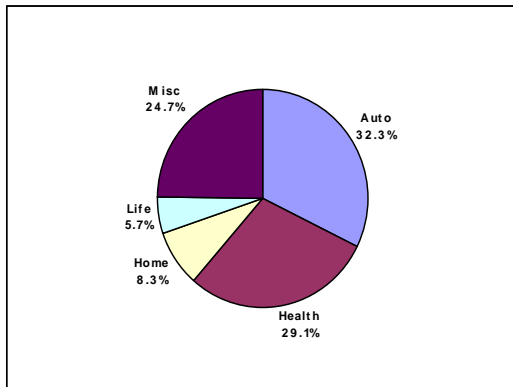
## Home Insurance Complaints Received by the Division of Insurance

The Consumer Services Section (CSS) responds to inquiries and assists consumers in resolving complaints against insurers, producers and other licensees. In addition to providing consumers with general insurance information in the form of brochures and guides, the Section also advises consumers of their options and rights under their policies, state laws and insurance regulations.

Any consumer of an insurance product marketed or sold in Massachusetts may file a consumer complaint with the Consumer Services Section against an insurer or insurance producer. Licensees must reply to the Division within 14 days and examiners advocate for the rights of consumers where appropriate. The Division keeps track of all such complaints to understand trends in the insurance industry and investigate any patterns of behavior that may require investigations by the Division's Special Investigation Unit or its Market Conduct Section.

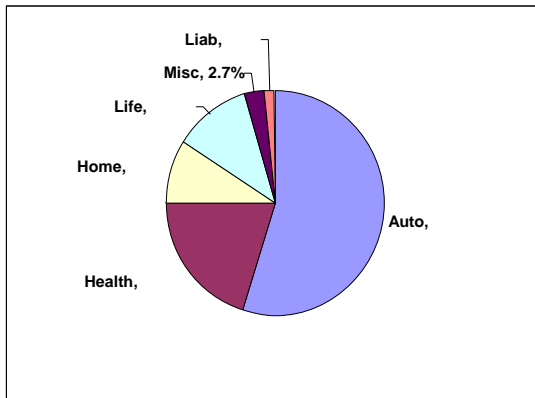
During 2007, CSS staff received 25,494 consumer calls and letters; approximately 8.3% were associated with questions or complaints regarding home insurance. CSS staff also handled over 1,400 formal written complaints and 151 of the filed complaints - or 9.3% - were associated with home insurance.

**Consumer Informational Calls by Line of Insurance**



**Figure 28**

**Consumer Complaints by Line of Insurance**



**Figure 29**

The number of written complaints filed regarding home insurance has declined from a high of 172 filed in 2003 to a low of 151 filed in 2007. Although there was a steady decline in complaints between 2003 and 2007, there was a spike in complaints in 2005 in response to heavy flooding associated with rainfall in the northeastern portion of Massachusetts when many consumers became aware flooding was not covered under their home insurance.

As illustrated in Figure 30, overall complaints filed were consistently fewer than one per 10,000 home insurance policies in force between 2003 and 2008. As noted previously, the complaint figure was highest in 2005 and in 2007 was less than 0.8 complaints for every 10,000 home insurance policies in force.

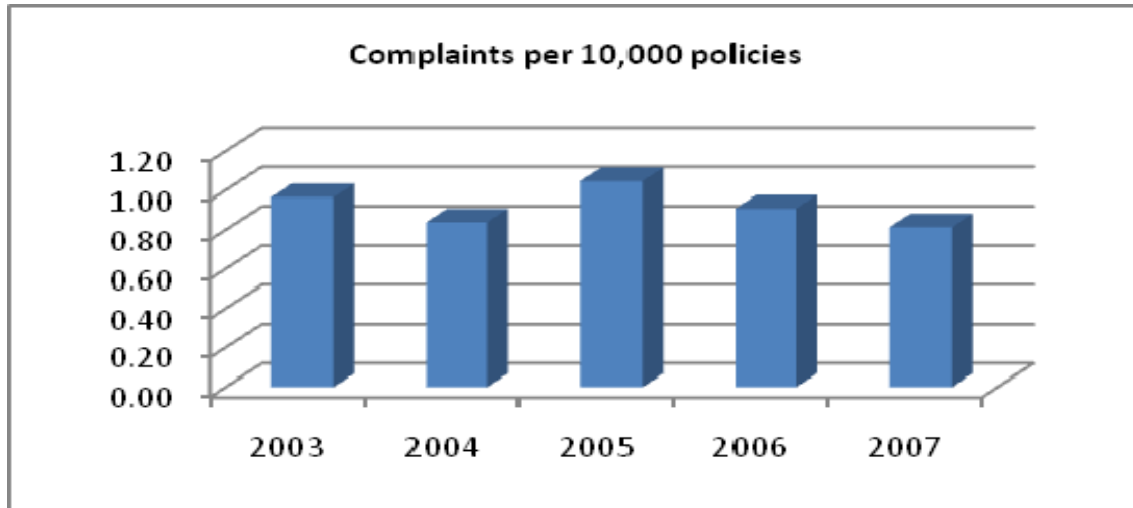


Figure 30

### Analysis of Home Insurance Complaints

The CSS further catalogues complaints according to three categories: Underwriting, Policy Pricing and Claims Handling. Based on complaints submitted over the five-year period stretching between 2003 and 2007, Figure 31 illustrates that claims handling complaints represented almost half of filed complaints with underwriting (denials of coverage) and policy/premium problems accounting for the other half.

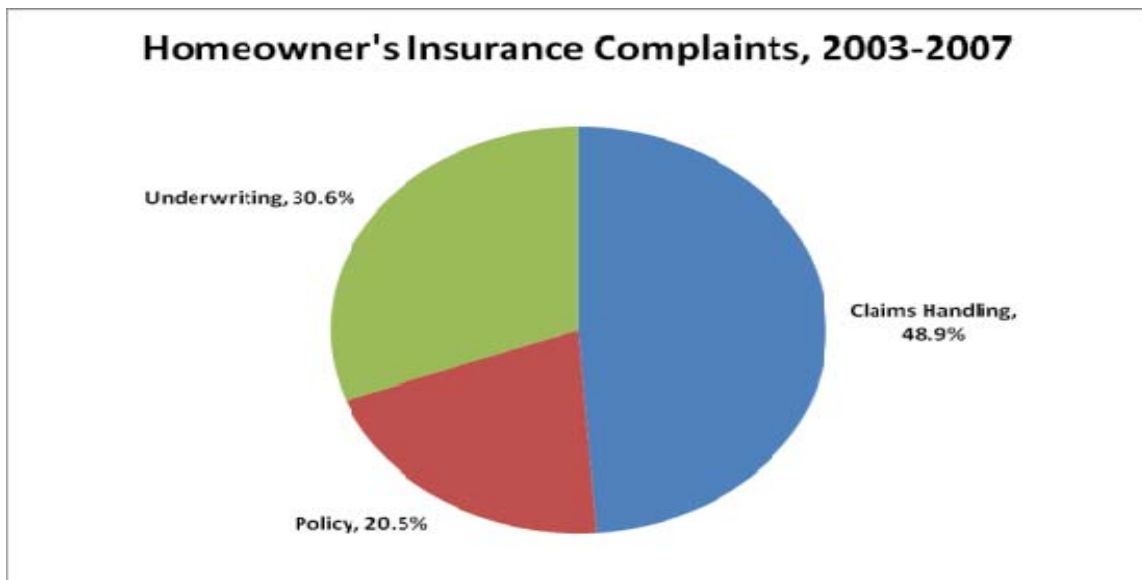
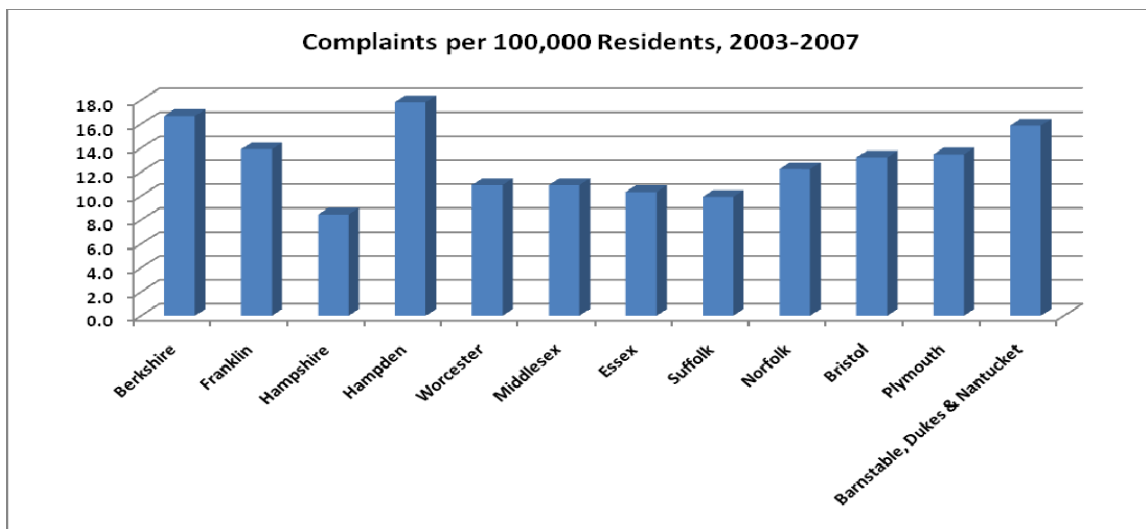


Figure 31

From a detailed review of the filed complaints,<sup>31</sup> the FAIR Plan covers the most homes and had the most complaints with 129 or 15.4% of the total filed. In general, when looking at the top 25 company groups participating in the Massachusetts market - plus the FAIR plan, they collect 92.5% of the written policy premiums, but account for less than 87% of the total complaints filed. Smaller companies - collectively responsible for 7.5% of the market premium - account for more than 13% of the total complaints filed.

The Division has taken its complaint files to develop complaint ratio charts (see the accompanying Statistical Supplement) to examine each company's proportion of filed home insurance complaints in relation to that company's proportion of the market premiums and will investigate companies with abnormally high ratios.



**Figure 32**

When looking at complaints filed on a regional basis, Figure 32 illustrates that the highest number of complaints were filed per 100,000 residents in Hampden, Berkshire and Barnstable/Dukes/Nantucket Counties. The nature of the complaint can differ by county with underwriting complaints accounting for 42% of the complaints in Barnstable/Dukes/Nantucket Counties and claims handling problems accounting for 58% in Essex County. A detailed listing of complaints by topic in each Massachusetts area for the period between 2003 and 2007 can be found in the Statistical Supplement.

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<sup>31</sup> See the Statistical Supplement for detailed breakdown of complaints filed with the CSS.



## **We Can Help!**



The Division of Insurance (Division) exists to serve the citizens of the Commonwealth of Massachusetts. The Division is a source of unbiased information and assistance, such as verifying if a producer or insurance company is licensed to do business in the Commonwealth or providing answers to many frequently asked insurance questions.

If a consumer has a complaint against an insurance company, the Division recommends that the consumer contact the insurance company first and try to settle the matter. Most insurance companies have policyholder service offices to handle questions. If the consumer is still not satisfied, he/she may contact the Division's Consumer Service Section staff to help with the problem. Although the Division's staff cannot represent a consumer legally against an insurance company or adjuster, staff can make an appropriate investigation into potential violation of insurance laws or regulations based on a complaint.

The Consumer Service Section can be contacted at 617-521-7777, Monday - Friday 8:45 A.M. - 5:00 P.M. or consumers can visit the Division's web site at [www.state.ma.us/doi](http://www.state.ma.us/doi). A consumer may also contact or send in a consumer complaint by writing to the Consumer Service Section at the Commonwealth of Massachusetts Division of Insurance, One South Station, Boston, MA 02110. A consumer complaint form may be printed from the Division's web site.